

41<sup>st</sup> Annual Report  
2016-17

*Live Life to the Fullest*



**Nitta Gelatin India Limited**

## Dear Shareholders



**KOICHI OGATA**  
PRESIDENT



India is cementing its position as the fastest growing economy amongst the major economies of the world and the Nitta Gelatin Group is excited to be a part of this growth story. Our operations span close to a century and our successful journey is replete with path breaking initiatives, creating new business avenues and turning adversities into opportunities, consolidating our leadership position in the industry. True to this, Nitta Gelatin India Limited has grown from strength to strength, seizing on opportunities while overcoming adversities with tenacity.

The growth in the global Gelatin market is driven by an increasing demand for functional and processed foods, rising disposable incomes in emerging markets and increasing health awareness. The support of the Nitta Gelatin Group will always be forthcoming, as NGIL reinforces its presence both in the Indian and the global markets, leveraging state of the art Japanese technology and our wide market reach, to anticipate and cater to current and emerging expectations of our customers.

The Nitta Gelatin Group strongly demonstrates our commitment to be a responsible corporate citizen and in protecting the environment around our manufacturing locations, by making substantial investments in technology and actively partaking in a number of welfare projects. NGI, Japan has expressed our keenness to participate in such projects undertaken in India through our financial support and in other ways to supplement the efforts by NGIL and our proposal is pending approval of the Government of India. Apart from its world class environment management infrastructure, NGIL has been taking up a number of projects to enhance the quality of life of the people in the communities in which we operate. It is heartening that the National Green Tribunal has upheld many of NGIL's contentions and held as baseless the allegations that have been hurled against us by a small group of people trying to create obstacles to disrupt the operations of the Company.

NGIL and its subsidiary Companies will continue to play a pivotal role in the future growth of the group. By harnessing the technology capabilities of the Nitta Gelatin Group and by adhering to the value systems and ethical practices evolved over many years, I firmly believe that NGIL will emerge even stronger as we move forward.

On my part, let me reiterate the Nitta Group's commitment to the growth and success of NGIL.

I look forward to your continued support in this journey.

Best regards,

*Koichi-Ogata*  
KOICHI OGATA

**Nitta Gelatin Inc.**

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



**PAUL ANTONY I.A.S**  
Addl. Chief Secretary  
(Industries & Power)



I am glad that the Company has had another good year in terms of its performance despite some of the challenges that it has had to deal with. The Kerala State Industrial Development Corporation (KSIDC), as a premier industrial promotion organisation under the Government of Kerala, is proud of its long standing association as a co-promoter of the Company.

The Indian economy is on a robust growth track and our Gross Domestic Product which grew by around 7% in 2016-17 is expected to only accelerate during the current year. The Government of Kerala is actively pursuing a number of initiatives to enhance the ease of doing business in Kerala to catalyse industrial development in the State. KSIDC would always be supportive of measures that will further strengthen the performance and growth of the Company.

The deficient rainfall last year had led to the need for imposition of restrictions on the intake of fresh water by manufacturing units in Kerala but with the prediction of a favourable monsoon, this should be behind us soon. Availability of raw material of the required quality has also been a challenge for the Company. I am happy that despite these challenges, the Company has, through a number of focussed initiatives, been able to enhance its cost and operational efficiencies, thereby recording healthy profits.

The major investments made during the last few years both in upgrading its environment management system and in a number of projects to contribute towards the welfare of the communities around its operating locations, is a clear indication of your Company's firm commitment for protection of the environment and contribution to the well being of the society in which it operates. I am glad that the Company has spearheaded a number of projects in the areas of water supply, sanitation, education, health and women empowerment as a part of its Corporate Social Responsibility initiatives, benefiting a large number of people living in the area around its factories.

Let me assure you the continued support and commitment of KSIDC and the Government of Kerala to the future endeavours of the Company and wish the Company the very best in the years ahead.

Best regards,

*Paul Antony*

PAUL ANTONY

Industries & Power  
Government of Kerala  
Thiruvananthapuram - 695 001, Kerala

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



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## Annual Report 2016-17

### BOARD OF DIRECTORS

<b>Chairman</b>	:	<b>PAUL ANTONY, IAS</b>
<b>Directors</b>	:	<b>KOICHI OGATA</b> <b>Dr. M. BEENA, IAS</b> <b>A. K. NAIR</b> <b>K. L. KUMAR</b> <b>RADHA UNNI</b> <b>Dr. NAOTOSHI UMENO</b> <b>Dr. K. CHERIAN VARGHESE</b> <b>Dr. SHINYA TAKAHASHI,</b> Director (Technical)
<b>Managing Director</b>	:	<b>SAJIV K. MENON</b>
Chief Financial Officer	:	P. Sahasranaman
Company Secretary	:	G. Rajesh Kurup
Statutory Auditors	:	Varma & Varma Ernakulam
Secretarial Auditor	:	Abhilash Nedyalil Abraham.
Bankers	:	State Bank of India Canara Bank State Bank of Travancore HDFC Bank Ltd. 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.



*Board of Directors*



Paul Antony, 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)

	2007.08	2008.09	2009.10	2010.11	2011.12	2012.13	2013.14	2014.15	2015.16	2016.17
Total Income	14585.97	18645.02	19479.94	20638.94	24694.12	30897.61	28936.04	36115.70	36098.51	33465.79
Sales*	14638.14	18247.75	18940.60	19650.08	23810.08	29714.01	28030.33	34857.35	34706.54	32110.00
Exports (FOB)	7950.32	10141.82	9476.42	10092.68	13829.03	15620.93	16296.11	18274.81	17763.16	16608.93
Pre-tax Profit / (Loss)	728.91	2466.38	3076.36	251.45	653.48	2613.01	(731.05)	1002.72	2643.13	2775.19
Profit / (Loss) after tax	666.07	1501.94	2546.14	189.15	508.08	1558.30	(495.92)	510.20	1668.24	1750.81
Earning per share (Rs.)	7.93	17.88	30.31	2.25	6.05	17.35	(5.47)	5.62	17.33	19.28
Dividend per share (Rs.)	1.50	3.00	6.00	4.00	4.00	4.00	-	1.00	2.50	2.50
Reserves & Retained Earnings	6776.98	7984.09	9942.52	9739.87	9857.44	11070.49	10634.70	11252.07	12468.89	14702.43
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	907.92	907.92	2487.92	2487.92
Shareholders' Funds	7590.66	8824.09	10782.52	10579.87	10697.44	11910.49	11542.62	12159.99	14956.81	17190.35
Return on Equity (%)	8.77	17.02	23.61	1.79	4.75	13.08	(4.30)	4.20	11.16	10.18
Book Value / Share (Rs.)	90.36	105.05	128.36	125.95	127.35	141.79	127.13	133.93	147.34	171.94
Gross Block	12402.03	13609.38	14336.36	15674.24	16299.51	17106.60	19515.84	20836.92	21817.54	22789.97
Net Block	5384.24	5756.45	6297.74	6813.56	6867.78	6794.23	8158.60	7727.07	8027.28	7862.77

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

NOTICE IS HEREBY GIVEN that the 41<sup>st</sup> Annual General Meeting of the members of Nitta Gelatin India Limited will be held on **Saturday, the 24<sup>th</sup> June, 2017 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 2017, 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 2017, 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 appoint Auditors in place of retiring Auditors and to fix their remuneration and in this connection to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Walker Chandiook & Co LLP (WCC LLP) Chartered Accountants (Firm Registration No:001076N/N500013) be and is hereby appointed as Statutory Auditors of the Company in place of M/s. Varma & Varma., Chartered Accountants, Kochi (Firm Registration No.004532S), the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company, at an annual remuneration of Rs. 11.50 Lakhs plus out-of-pocket expenses subject to ratification by the Annual General Meeting(s) during each of the succeeding years following this meeting”.

**SPECIAL BUSINESS:**

6. **Re-appointment of Mr. Sajiv K. Menon (DIN: 00168228) as Managing Director**

To consider and if thought fit, to pass the following Resolution with or without modification, as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Article 121(1) of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sajiv K. Menon (DIN: 00168228), as Managing Director of the Company for a period of three years with effect from 01.04.2017 on the following terms and conditions:-

1. Basic Pay : Basic pay will be Rs. 3,32,750/- per month as on 1.4.2017 with an annual increment of 10% of the Basic pay.  
(A 10% increase on present basic pay of Rs. 3,02,500/-)
2. Housing: House Rent Allowance @50% of Basic Pay will be paid per month.
3. Personal Allowance\* : Personal Allowance payable will be Rs. 3,75,317/-per month.
4. Incentive\* : The maximum incentive payable will be Rs. 3,32,750/- per month and minimum Rs. 1,33,100/- per month as per the calculations attached.
5. Leave Travel Concession\* : The Leave Travel Concession payable shall not exceed Rs. 5,32,400/- per annum.
6. Furnishing, Gas, Electricity and Water: Reimbursement of actual expenses incurred on Gas, Electricity, Water and Furnishing subject to a yearly ceiling of 20% of Basic Pay.
7. Medical Benefits

One month's Basic Pay which can be availed as per rules applicable to the management staff of the Company.

8. Personal Accident Insurance: The annual premium not to exceed Rs. 12,000/- to the Company.
9. Leave and Leave Encashment: As per rules applicable to management staff of the Company.
10. Entertainment Allowance: Entertainment allowance @ 10% of Basic Pay will be paid per month.
11. Provident Fund: Company's contribution to the Provident Fund at rates as per Company's rules (currently 12% of Basic Pay).
12. Gratuity: 15 days' salary at the last drawn Basic Pay for every completed year of service.
13. Car: Free use of Company car with driver for official use. Use of car for personal purposes will be billed for.
14. Telephone: Free telephone, internet and fax facility will be provided at residence.
15. Club Membership : Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
16. Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
17. Period of Appointment: Period of appointment will be for three years with effect from 1st April, 2017.
18. Termination of Term of Office: The Company shall have the right to terminate the term of office of the Managing Director at any time by giving notice of not less than three months in writing or three months' salary and allowances in lieu thereof. The Managing Director shall also have the right to relinquish his office at any time before the expiry of his term by giving notice of not less than three months.

*\*Indexed to the proposed basic in the same percentage as fixed in the previous contract. Other components are in line with the existing contract. These compensation components would remain unchanged during the tenure of the contract.*

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

**7. To appoint Dr. Shinya Takahashi (DIN:07809828) as a Whole-time Director designated as Director (Technical)**

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), Dr. Shinya Takahashi (DIN : 07809828) who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Article 121 of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Dr. Shinya Takahashi (DIN : 07809828) as Whole-time Director designated as Director (Technical), of the Company for a period of 2 (two) years with effect from 09.05.2017 on the following terms and conditions :

1. Basic Pay: Rs.1,35,000/- per month
2. Designation: Director (Technical)
3. Location of work: Nitta Gelatin India Limited, Post Box. 4262, 54/1446, SBT Avenue, Panampilly Nagar, Kochi – 682036, India.
4. Period of appointment: Two years from 09.05.2017
5. Housing : He shall be eligible for House Rent Allowance @50% of Basic Pay per month.
6. Medical Benefits: Reimbursement of actual medical expenses incurred for self and family subject to an yearly ceiling of Rs.15,000/-. Unavailed medical benefit for any year shall be allowed to be carried forward to the next year.

7. Leave Travel Concession: Return passage for self and family once in a year by air by Economy Class, to and from his place of residence in Japan.
8. Personal Accident Insurance : Shall be covered under a personal accident insurance policy at an annual premium not to exceed Rs. 6,000/- to the Company.
9. Car : Free use of Company car with driver for official use. Use of car for personal purposes will be billed for.
10. Telephone : Free telephone and internet facility will be provided at residence.
11. Income tax liability arising out of the above will have to be borne by the employee.
12. Reporting Relationship : Director (Technical) shall functionally report to the Managing Director.
13. Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, the Director (Technical) shall be paid remuneration by way of salary and perquisites as specified above

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

8. **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 an **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 (herein after 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 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. 8 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, deeds, matters, and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution”.

By Order of the Board,

Kochi  
09.05.2017

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 19<sup>th</sup> June, 2017 to 24<sup>th</sup> June, 2017 (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 1<sup>st</sup> July, 2017 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 2009-10 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 27<sup>th</sup> August, 2017. Besides, there has now been a change in the applicable provisions under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, which now additionally mandate a transfer of the corresponding shares as well, to the IEPF regarding which adequate notice was also given by the Company through individual notices to shareholders at their registered address, newspaper advertisement and information in the official website. Such shares shall be credited to the Demat account of the IEPF Authority latest by 30<sup>th</sup> June, 2017. Anybody whose dividends and corresponding shares are thus involved, may immediately contact the Company/its Compliance Officer.
  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 Saturday, 17<sup>th</sup> June, 2017 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:

Commencement of remote e-voting	End of remote e-voting
<b>Wednesday, 21<sup>st</sup> June, 2017 at 9:00 a.m</b>	<b>Friday, 23<sup>rd</sup> June, 2017 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 17<sup>th</sup> June, 2017.**

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-Reappointment of Mr. Sajiv K. Menon as Managing Director of the Company**

Mr. Sajiv K. Menon was earlier appointed as Managing Director of the Company with effect from 01.04.2014 and confirmed at the Annual General Meeting dated 11.07.2014, for a period of three years ended 31.03.2017. The Board of Directors at their meeting dated 06.02.2017 had, on recommendation by the Nomination and Remuneration Committee, re-appointed Mr. Sajiv K. Menon as Managing Director on consideration of the fact that during his term in office, the performance of Mr. Sajiv K. Menon, was encouraging and satisfactory which deserved favorable consideration in the matter of extending him a second term in office as Managing Director of the Company.

The re-appointment of Mr. Sajiv K. Menon as the Managing Director with effect from 01.04.2017 for a period of three years by the Board and the revision of the terms and conditions of appointment more specifically detailed as part of the Notice, require the approval/confirmation of the Shareholders as per the provisions of the Act 2013 and hence this resolution proposed before the Annual General Meeting of the Company.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives, except Mr Sajiv K Menon and his relatives, are in any way, concerned or interested in the said resolution.

#### **Item No: 7 - Appointment of Dr. Shinya Takahashi as a Wholetime Director designated as Director (Technical)**

Dr. Shinya Takahashi replaces Mr. Takeo Yamaki as Whole Time Director of the Company designated as Director(Technical) for a period of two years beginning 09.05.2017 consequent on the latter tendering his resignation with effect from 01.04.2017 on getting reverted to the services of NGI Japan. Dr. Shinya Takahashi was appointed by the Board

of Directors at their meeting dated 09.05.2017 as an Additional Director to hold office upto the date of the Annual General Meeting and additionally as a Whole-time Director. The appointment as Whole-time Director was as per terms and conditions more specifically detailed as part of the notice, which requires approval/confirmation by the Shareholders as envisaged under the provisions of Section 197(4) of the Companies Act, 2013.

Dr. Shinya Takahashi till recently was holding the position of General Manager (Quality Assurance Dept) in Nitta Gelatin Inc, Japan. He holds a Phd from Chiba University and Graduate School of Advanced Integration Science.

Since Dr. Shinya Takahashi is not a resident in India as envisaged under Schedule V Part I of the Companies Act, 2013 (the Act), his appointment by the Board / General Meeting as Director (Technical) necessitates an approval by the Central Government. Your Board of Directors at their meeting dated 09.05.2017, on detailed consideration of the recommendations of Nomination and Remuneration Committee, recommends to the General Body of shareholders, appointment of Dr. Shinya Takahashia as Wholetime Director designated as Director (Technical) on such terms and conditions as are herein proposed and subject to such other approvals by the Statutory and Regulatory Authorities as might be applicable.

The Company has received a notice as envisaged under Section 160 of the Act for appointment of Dr. Shinya Takahashi as a Director.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives, except Dr. Shinya Takahashi and his relatives, are in any way, concerned or interested in the said resolution.

#### **Item No.8: 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 01.10.2017 to 30.09.2018.

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 01.10.2017 TO 30.09.2018 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	01.10.2017 to 30.09.2018	15000
	Dr. Shinya Takahashi	Nominee of Nitta Gelatin Inc., Japan	Availing of services	01.10.2017 to 30.09.2018	300
	Hiroshi Nitta	Director and Executive Officer General Manager of R&D Centre, NGI, Japan	Availing of services	01.10.2017 to 30.09.2018	300
Nitta Gelatin NA Inc., USA	Dr. Shinya Takahashi	Nominee of Nitta Gelatin Inc, Japan	Availing of Services	01.10.2017 to 30.09.2018	150
	Hiroshi Nitta	Director and Executive Officer General Manager of R&D Centre, NGI, Japan	Availing of services	01.10.2017 to 30.09.2018	150
	Koichi Ogata	Director & Executive Officer, Nitta Gelatin Inc., Japan	Availing of services	01.10.2017 to 30.09.2018	150
Reva Proteins Ltd.	Sajiv K. Menon	Managing Director, Nitta Gelatin India Ltd.	Sale of Goods	01.10.2017 to 30.09.2018	8000
	K. L. Kumar	Director, Nitta Gelatin India Ltd.			

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,

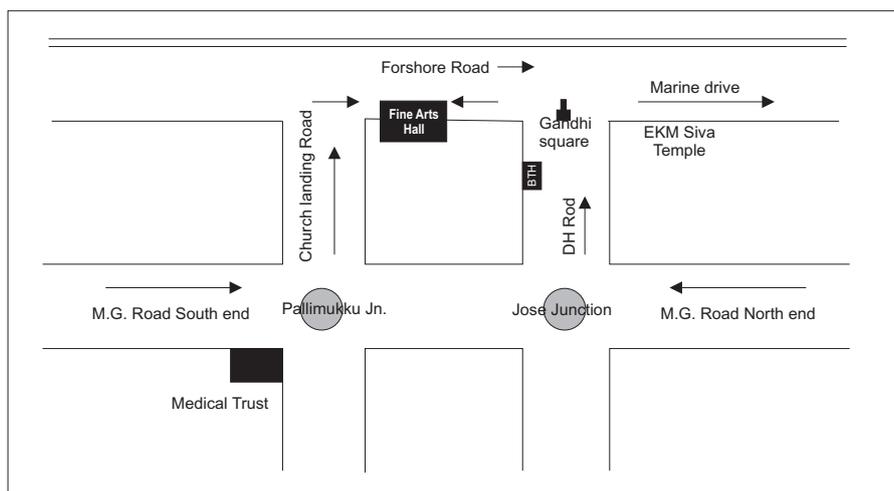
Kochi  
09.05.2017

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.**

Name	Sajiv K Menon	Koichi Ogata	Dr. Shinya Takahashi
Age (Years)	58	59	56
Nationality	Indian	Japanese	Japanese
Date of appointment / re-appointment	01.04.2017	09.05.2017	09.05.2017
Qualification	B Tech, Chemical Engineering PGDM(Finance & Marketing),IIM, Bangalore, Fulbright scholar at Carnegie Mellon University,US	Bachelor of Science, Tohoku University	Bachelor of General Education &Phd. From Chiba University - Graduates School of advanced integration Science
Expertise	33 Years' experience in various capacities in engineering and chemical industries of which the last 17 years was with the Rs.225 billion Murugappa Group in Leadership position.,	President of NGI, Japan	General Manager (Quality Assurance) NGI, Japan
Other Directorships excluding Foreign Companies	Bamni Proteins Ltd Reva Proteins Ltd	NIL	NIL
Member / Chairman of committees of other companies	Nil	Nil	Nil
Relationship, if any, between Directors interse.	Nil	Nil	Nil
Shareholding in the Company	Nil	Nil	Nil

Route-map to the Venue of AGM



## DIRECTORS' REPORT

To

**THE MEMBERS OF  
NITTA GELATIN INDIA LIMITED**

Your Directors have pleasure in presenting the 41<sup>st</sup> Annual Report and audited financial statements for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL HIGHLIGHTS**

(Rs. in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Sales (including export incentives and net of Excise Duty & VAT)	330.26	358.57
Other Income	4.40	2.42
<b>TOTAL</b>	<b>334.66</b>	<b>360.99</b>
<b>Gross Profit before Depreciation</b>	<b>38.26</b>	<b>35.85</b>
Deducting therefrom:		
Depreciation	10.51	9.43
Provision for Tax -		
- Current Tax	10.14	10.11
- MAT Credit Entitlement	-	(1.98)
- Deferred Tax	1.33	1.13
- Prior years	(1.23)	0.48
<b>Profit after Tax</b>	<b>17.51</b>	<b>16.68</b>
<b>Profit brought forward from previous year</b>	<b>20.91</b>	<b>13.91</b>
<b>Adjustments for asset having no remaining useful life</b>	<b>-</b>	<b>-</b>
<b>Balance Profit available for appropriation</b>	<b>38.42</b>	<b>30.59</b>
<b>Appropriations :</b>		
Proposed dividend on Optionally Convertible Preference Shares	-*	0.79
Proposed final dividend on equity shares	-*	2.27
Tax on dividend	-*	0.62
Transfer to General Reserve	6.00	6.00
Balance profit carried forward to next year	32.42	20.91
<b>Earnings per share (Rs.)</b>		
Basic	19.28	17.33
Diluted	19.28	16.79

\* Proposed dividend on preference and equity shares and tax on dividend has not been recognised as a distribution of profit in the current year's accounts in accordance with the revised accounting standard-4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016)

**DIVIDEND**

The Board has, subject to approval of the members at the ensuing Annual General Meeting, recommended a dividend @ 5.4029% p.a. for the year ended 31<sup>st</sup> March, 2017 on the 929,412 Optionally Convertible Preference Shares of face value of Rs. 170/- each.

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, 2017, 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. 375.93 lakhs (including Rs. 102.74 lakhs on preference shares (Rs. 94.88 lakhs in the financial year 2015-16), vis-à-vis Rs. 368.07 lakhs paid for the financial year 2015-16).

During the year, unclaimed dividend of Rs. 2.53 lakhs pertaining to the year ended 31st March, 2009, was transferred to the Investor Education & Protection Fund after giving due notice to the members.

### **SHARE CAPITAL**

The Authorised Share Capital of your Company is Rupees Thirty Five Crores Eighty lakhs and Forty only (comprising of two crores 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**

An amount of Rs. 600.00 lakhs is transferred to General Reserve during the year. Reserves as on 31.03.2017 comprises of Security Premium Reserve of Rs. 2895.90 lakhs, Capital Investment subsidy of Rs. 15.00 lakhs, Special Export Reserve of Rs. 79.00 lakhs, General Reserve of Rs. 7836.64 lakhs, Hedge Equalisation Reserve of Rs. 633.76 lakhs and credit balance in the Profit and Loss Account of Rs. 3242.13 Lakhs, aggregating to Rs. 14702.43 lakhs.

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

Corporate Guarantee for an amount of Rs. 300 lakhs was provided against a term loan of Rs. 300.00 lakhs sanctioned to Reva Proteins Ltd. (RPL) by M/s. Kerala State Industrial Development Corporation Ltd. during the year.

Details in respect of other loans, guarantees and investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes on accounts for the financial year ended 31st March, 2017

### **PERFORMANCE**

The gross revenue from operations of your Company during the year under review was Rs. 341.91 crores; though there has been an increase in the unit sales realization in the case of all our products during the year, increase in sales volumes could not be achieved due to various extraneous factors.

The District Administration of Trichur District, where one of the plants of the Company is situated has ordered reduction in drawal of water by 80% for the period commencing February 2017 and until the onset of monsoon, as a fall out of deficient monsoon. This has affected the operations of Ossein Division of the Company in the IVth quarter impacting revenue. Though the Company could manage to sustain the operations of Gelatin plant, by way of procurements from the local Ossein manufacturers, the disruption in operations has impacted the operational results of the Company in the said quarter.

During the year, the business model of Reva Proteins Ltd., a subsidiary of the Company was changed from a job processor of the Company to an independent manufacturer and seller, with the resultant fall in revenue.

With all the domestic Gelatin plants in full scale operation during the year and the resultant heavy demand for crushed bone, the quality and cost of supplies could not meet the export specifications for Ossein and Limed Ossein. This has led to a reduction in export volumes of Ossein / Limed Ossein by 30% during the year. The sales of Collagen Peptide witnessed a decline due to want of raw material - fish protein- on account of regulatory issues / clearances. In the domestic market, the unduly long delay in granting new product approvals by the regulatory authorities has resulted in poor offtake of Collagen Peptide.

Despite the reduction in volumes as explained above, the total sales turnover could be maintained with improvement in unit sales realization on all the products and the higher volume of Gelatin sales achieved during the year.

The improvement in USD / INR exchange rates during 2016-17 as compared to 2014-15 has also contributed to improved sales realisation on exports.

The increase in price of crushed animal bone, apart from its poor quality as explained above, was not conducive for the profitability of the Company. Crushed bone prices have increased by 4.21% during 2016-17 as compared to the previous fiscal.

In the backdrop of the aforesaid adversities, your Company exercised close monitoring and strict control over each significant element of cost, and achieved appreciable savings. In respect of utilities, the usage of LNG was significantly substituted by firewood and at the same time, efficiency of wood fired boilers 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. Aided also by the decline in the price of LNG and firewood, these measures have helped us to achieve an overall cost reduction of around Rs. 2.58 crores for utilities in comparison to Rs. 6.08 crores achieved in FY 2015-16. Significant savings were also made in factory and Administration overheads by keeping a tight vigil on each item of expenditure and establishing appropriate controls.

With regard to finance cost, Company could effectively leverage low cost foreign currency loans and achieve almost a one third reduction amounting to Rs. 2.34 crores.

The sales mix during the year was such that the Company could achieve a reduction in selling expenses such as freight charges on products, discount and commission on sales, etc. aggregating to Rs. 0.85 crores during the year under review.

As a result of the above, the operations of the Company for the year 2016-17 has resulted in a pre-tax profit of Rs. 27.75 crores as against Rs. 26.43 crores during 2015-16 inspite of drop in revenue following change in the business model of subsidiary Company RPL and disruption in operations in Ossein Division in Q4 of the financial year.

The products of your Company continued to enjoy robust market demand during the year under review. The entire sale of Ossein / Limes Ossein, 52.30% of the total sale of Gelatin and 51.80% of Collagen Peptide was through exports. Your Company has arrangements with our overseas promoter, Nitta Gelatin Inc., Japan to leverage their expertise and market insights in servicing our customers in a pro-active manner in line with the global standards of NITTA Group.

The major production facilities of your Company are the Ossein Plant at Koratty, Trichur District and Gelatin / Peptide Plant at Kakkanad, Ernakulam District, Kerala. All the factories owned by the Company are being operated in strict compliance with the applicable standards / norms prescribed by the Statutory authorities including the State Pollution Control Board. The Kadukutty Panchayat in Trichur District did not renew the factory licence for our Ossein Plant at Koratty for the year. Though the Kerala State Tribunal for Local Self Government Institutions has remanded back to the adjudicating authorities for a review of the orders, Panchayat has not reversed their original decision and we 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. The recent review of the effluent management system at Ossein Division by the National Environmental Engineering Research Institute (NEERI) has confirmed the efficacy of the system on the basis of which the Pollution Control Board has renewed the Consent to Operate upto 30.06.2018. Based on expert legal advice, the earlier court verdicts and the facts of the situation as explained above, the Company expects a favourable resolution of the matter.

The National Green Tribunal(NGT) has passed an order dtd 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 instal certain equipment to reinforce the effluent treatment process and technologies, besides methods which help recycling of treated effluent and minimize the discharge into the river. The order also gave directions to the Kerala Pollution Control Board (KPCB) for enforcing the standards.

The Order has detailed prescriptions for implementation in a time-bound manner. Whereas there are certain directions which need a relook on a factual as well as, practical consideration of the issues involved, the Company has filed a Petition before the Hon'ble Tribunal for a review of such directions, which is pending consideration

#### **CREDIT RATING**

During the year, rating agency CRISIL has reaffirmed the rating of CRISIL A-/ but outlook was revised from "Stable" to "Negative" for Long

Term Instruments and maintained “CRISIL A2+” rating for short term instruments. The change in outlook was following the disruptions in operation in Ossein Division as a result of the restrictions imposed by the District Administration for drawal of water for process requirements from the Chalakkudy river

### AWARDS & ACCOLADES

During the year your Company was awarded the top export award in Ossein & Gelatin panel instituted by CAPEXIL for the years 2013 -14 and 2014-15.

The following prestigious certifications are retained by your Company:-

- (a) European Directorate for the Quality of Medicines & Health (EDQM) Certificate for Gelatin Division
- (b) HACCP Certificate for Ossein Division and Gelatin Division for food safety.
- (c) ISO 14001:2004 for Gelatin Division for Environment Management System
- (d) ISO 9001: 2008 for Quality Management System of the Company.
- (e) FSSC Certification for Food Safety Management System for Gelatin Division
- (f) Halal / Kosher Certification for Gelatin and Collagen Peptide
- (g) NABL Accreditation for in-house laboratory  
Besides the Company has newly acquired yet another prestigious recognition / certification, namely:
- (h) OSHAS Certification by NVTQC for Occupational, Health and Safety Standards.

### 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 Gelatin factory has received the OSHAS certification during the year while for the Ossein factory, this is at an advanced stage, which is a testimony to the Company’s commitment in this area.

#### 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 Pollution Control authorities. 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 converted into biogas used for meeting the Company’s energy requirements. Diffused Air floatation System for effective grease removal, Primary Treatment System Reinforcement and ETP Automation for sound effluent management system, introduction of Activated Carbon System in Fresh Water Treatment Plant for improving the water quality and improving the process stability, introduction of chemical mixing times for Water Treatment System, instrumentation system for turbidity control and better chlorination, addition of two Jet 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.

M/s. National Environmental Engineering Research Institute (NEERI), a constituent laboratory of the Council of Scientific & Industrial Research, Govt. of India, conducted a plant visit for assessment of implementation status of their own recommendations in May 2016 and observed that the Company has complied with the implementation of all the recommendations of NEERI excepting one recommendation i.e. cleaning of weeds along the banks of Chalakkudy

river due to want of approval from Kadukutty Grama Panchayat 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 M/s. NGIL and also the CPCB General Standards for Discharge.

### **Environment**

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

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

The ambient air quality in our Ossein plant is being monitored on a continuous basis to conform to the regulations relating to ambient air quality standards. Out of the total plot area of approximately 1,53,900 sq. meters, about 10,000 sq. meters of land around the boundary of Gelatin Division and about 38,000 sq. meters of

land in Ossein Division have been developed and maintained as green area.

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

- Empowerment of the disadvantaged / weaker sections of the society through education, skill development and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation;
- Supporting environmental and ecological balance through afforestation, soil conservation, conservation of flora and similar programmes;
- Promotion of sports through training of sports persons;
- Rural development projects;

Total CSR expenditure incurred by your Company during the year was Rs. 21.42 lakhs which was higher than the statutory requirement of 2% of the average profit for the last three years.

- A CSR Committee has been constituted to act in an advisory capacity to the Board and Management with respect to policies and strategies that affect the Company's role as a socially responsible organization.
- The CSR Committee ensures that the implementation and monitoring of the projects are in compliance with the CSR objectives and Policy of the Company.
- The CSR Policy can be accessed on the Company's website [www.gelatin.in](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 hitherto, 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. However the business model of Reva Proteins Ltd one of the subsidiaries was changed from a job processor of the Company to an independent manufacturer and seller during the year.

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 2524 MT of Ossein and 5885 MT of Di Calcium Phosphate as against 2349 MT of Ossein and 5508 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. 69.14 Lakhs (pre-tax profit of Rs. 107.14 lakhs) as against a post tax profit of Rs. 128.75 lakhs (pretax profit of Rs. 112.31 lakhs) during the previous financial year.

### **REVA PROTEINS LIMITED**

At Reva Proteins Ltd., owing to restrictions in the quantum of discharge of treated effluent, there has been considerable under utilization of capacity. The common treated effluent discharge pipeline currently being set up by M/s. Narmada Cleantech Limited which was expected to be commissioned during mid 2015-16 has been delayed further. The commissioning and high pressure testing of the effluent pipeline got completed in January 2017 and the clearance of the consent to authorize and operate for Reva plant by the Gujarat State Pollution Control Board is in progress. Arising out of the above, the financial year 2016-17 witnessed a net loss of Rs. 779.04 lakhs and a cash loss of Rs. 521.69 lakhs as against a net loss of Rs. 941.17 lakhs and a cash loss of Rs. 684.59 lakhs during the previous financial year. The annual production during 2016-17 was 1909 MT of Ossein and 1095 MT of Limed Ossein as against 1554 MT of Ossein and 632 MT of Limed Ossein during the previous year. Taking into consideration the techno-commercial viability of the project once the pipeline is made available for Company's operations post the clearance by the Gujarat State Pollution Control Board expected by the end of Quarter 1 of 2017-18, your Company has

proactively undertaken a comprehensive scheme for revival of the subsidiary by way of capital investments and capital restricting / rescheduling of existing term loans.

It is expected that this subsidiary can achieve a turnaround in operations within a short time once the pipeline is made available for usage.

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

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

In accordance with fourth proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing therein its standalone and consolidated financial statements has been uploaded on the website of the Company, [www.gelatin.in](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 available for inspection by any shareholder at the Registered Office of the Company and subsidiary companies concerned. Hard copy of details of accounts of subsidiaries shall be furnished to any shareholder on demand. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries.

### **STATUTORY AUDITOR'S REPORT**

Emphasis of Matter on the accounts of the Company referred to in the Auditor's Report is explained in detail in Note No. 2.11.2 of the Notes forming part of accounts for the year and hence no further comments are necessary.

## SECRETARIAL AUDITORS' REPORT - EXPLANATION TO OBSERVATIONS OF AUDIT

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

Sl No	Observation	Our explanation
1	As per Regulation 24 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity. On examination of the Board minutes of Nitta Gelatin India Limited : Minutes of Reva Proteins Ltd (subsidiary) has placed only at the 1st Board Meeting during the Financial Year i.e. on 06.05.2016 and Minutes of Bamni Proteins Limited (Subsidiary) has not placed before the Board Meetings of Nitta. Kindly adopt a system of placing the Board Minutes of subsidiaries in the Board Meeting of Nitta as per the mandate of Regulation 24 (3) of LODR.	We were regular in placing the minutes of Reva Proteins Ltd, till such time it was material subsidiary. There was irregularity thereafter.  Hereafter, the minutes of the meetings of Subsidiary companies shall be placed before the Board meeting of the Holding company.
2	As per Standard 6.4 of the Secretarial Standard 1 (SS-1), meetings of Board of Directors, "Resolutions passed by circulation shall be noted at the next Meeting of the Board and the text thereof with dissent or abstention, if any, shall be recorded in the Minutes of such Meeting". The Board has approved a circular resolution for authorization to Directors for migrating to GST on 10.01.2017. On analysis of the minutes of next Board meeting held on 06-02-2017 it is observed that there is inadequate compliance of Standard 6.4 in as much as the text of the resolution has not been recorded in the minutes as envisaged by the Standards 6.4.	Noted. Henceforth the regulatory provision shall be conformed in entirety.
3.	The Company has paid additional fee of Rs.12000 to the Ministry with respect to modification of sanctioned credit facilities by SBI and HDFC bank. The cases with respect to delay in Charge filing with Bankers (i.e. SBI and HDFC) were found to be repetitive in nature when we compared the same with the last two financial years. This matter needs to be discussed with Bankers whenever new credit facilities sanctioned or existing credit facilities get renewed so that cases of such nature were not further get repeated.	This happens with respect to additional documentation in the context of creation of Collateral Security and also renewal of existing facilities. We shall discuss with Bankers and find ways to avoid the delay in filing.
4	As per the provisions of the Foreign Exchange Management Act, 1999, ECB Return (ECB-2) should be filed within seven working days from the end of each month. On analysis it is found that (i) ECB Return for the month of April, 2016 has been filed on 14th June, 2016 with a delay of 28 days, (ii) ECB Return for the month of May, 2016 has been filed on 14th June, 2016 with a delay of 4 days, (iii) ECB Return for the month of July, 2016 has been filed on 10th August, 2016 with a delay of 1 day, (iv) ECB Return for the month of October, 2016 has been filed on 22nd November, 2016 with a delay of 11 days and (v) ECB Return for the month of November 2016 has been filed on 15th December, 2016 with a delay of 5 days.	The Returns are physically filed with the Authorised Dealer well within the statutory prescription of seven days, while an endorsement is obtained subsequent thereto. We shall henceforth endeavor to obtain the endorsement in such a way that it is within the statutory time limit for filing the document.
5	The production of gelatin exceeds the limit as per FSSA License for the last two years 2015-16 and 2016-17 and hence found to be repetitive in nature without amending the license accordingly for the enhancement of the permissible quantity of gelatin. This is evident as per examination of Annual Return in Form D1 filed under Regulation 2.1.13 of the FSSA 2006, and the total gelatin production comes about 3824 MT and 4003 MT respectively which are in excess of the limit of 3650 MT per year. The Company is advised to increase the licensed limit accordingly.	The forthcoming renewal of the license shall take care of the requirement.

## 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, Inc. Japan has provided guidance and considerable financial support for the scheme of revival of the subsidiary, Reva Proteins Ltd. Kerala State Industrial Development Corporation Ltd., the other promoter is also equally supportive to each and every development concerning your Company.

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

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

## 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 IV** 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 on operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the

accounting records and the timely preparation of reliable financial information.

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

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

#### **RESPONSIBILITY STATEMENT OF DIRECTORS**

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

- a) that in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) that they had selected such accounting policies as mentioned in Note 1 of the notes to the Financial Statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2017 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 Practising Company Secretary confirming the compliance, is annexed and forms part of the Annual Report

#### **CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **DIRECTORS**

Mr. P.H Kurian IAS, who was a Director and Chairman of the Company with effect from 14.10.2013 ceased to hold office on 27.09.2016 consequent on the

Kerala State Industrial Development Corporation Limited (KSIDC) vide their letter dated 27.09.2016 nominating Mr. Paul Antony IAS, Additional Chief Secretary (Industries and Power), Govt. of Kerala as a Director of the Company.

Your Directors extend a warm welcome to Mr. Paul Antony as member of the Board. The Board also places on record the appreciation for the valuable guidance and support extended by Mr. P.H. Kurian IAS during his tenure as Director and Chairman.

Mr. Takeo Yamaki, Director(operations) resigned from the service of the company consequent on his being reverted to the service of NGI, Japan. He was replaced by Dr. Shinya Takahashi who was appointed as Director(Technical) at the Board meeting held on 09.05.2017. The terms and conditions of appointment, are to be confirmed at the forthcoming Annual General Meeting of the company. Similarly, Mr. Raymond Merz, Director, nominee of NGI, Japan was replaced and Mr. Koichi Ogata, President, NGI, Japan was appointed in casual vacancy at the Board meeting dated 09.05.2017. Mr. Hiroshi Nitta was appointed as Alternate Director to Mr. Koichi Ogata. The Board extended a warm welcome to the incoming directors.

#### **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. Rajeshkurup continue as Chief Financial Officer (CFO) and Company Secretary, respectively.

#### **BOARD EVALUATION**

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

The Board at their meeting dt. 06.02.2017 had occasion to deliberate on the Guidance Note on Board Evaluation, issued by Securities Exchange Board of India(SEBI) dated 05.01.2017 and approved a Questionnaire for evaluation that captures the salient points discussed in the said Note. The questionnaire for evaluation (both, self

and peer)are to be filled in, consolidated and discussed with the Chairman. The evaluation by the Independent Directors having been undertaken at their meeting dated 11.04.2017, the Board of Directors too undertook their evaluation and took into record that the Independent Directors have the requisite qualification, expertise and track record for performing their duties as envisaged under Law, and they add value in the decision making process of the Board.

#### **MEETINGS**

The Board of Directors met 4 (Four) times during the financial year 2016-17. 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 victimisation; 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**

M/s Varma & Varma, Statutory Auditors completed their term of office within the meaning of Section 139 of the Companies Act, 2013 consequent whereof M/s. Walker Chandiook & Co LLP was on recommendation by the Audit Committee at their meeting dated 06.02.2017, appointed as Statutory Auditors of the Company for a period of five years subject to yearly ratification, by the Board of Directors who held their meeting later during that day. This appointment which is confirmed by the Audit-firm as meeting all the qualifications and eligibility prescribed under the Companies Act 2013, applicable Rules and the provisions of SEBI (LODR) Regulations, has now to have the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

## **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 place on record its sincere appreciation for the support and assistance extended by the State Government and M/s. Kerala State Industrial Development Corporation Ltd. They also take this opportunity to extend their whole hearted gratitude to M/s. Nitta Gelatin Inc., Japan, for their timely and valuable guidance and inspiration. Your Board place 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. Your Directors are also thankful to the esteemed shareholders for their continued patronage and the confidence reposed on the Company and its management.

For and on behalf of the Board of Directors,

Kochi  
09.05.2017

PAUL ANTONY IAS  
CHAIRMAN  
(DIN: 02239492)

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

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

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

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

To pursue these objectives the Company shall:

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

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

Web Link: [www.gelatin.in](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.9,71,60,177/-
2. Prescribed CSR Expenditure (Two percent of the amount as in item 1 above)  
The Company is required to spend Rs. 19,43,202/-
3. Details of CSR spend for the financial year:
  - a) Total amount spent during the financial year Rs. 21,42,276/-
  - b) Amount spent in excess of the statutory minimum Rs. 1,99,074/-
  - c) Manner in which the amount was spent during the financial year 2016-17 is detailed below:

(Amount in Rupees)

Sl. No.	Projects / Activities	Sector	Locations	Amount outlay (Budget) project or programme wise	Amount spent on the programme	Cumulative expenditure upto reporting period	Amount spent : Direct or through implementing agency
1.	Contribution to oldage homes vayojana club /food for Asraya Members	Facilities for senior Citizens/	Koratty / Kakknad	2,50,000	65,400	65,400	K. T. Chandy Seiichi Nitta Foundation/Direct
2.	Study materials	Children Education	Koratty / Kakknad	1,75,000	2,70,500	2,70,500	K. T. Chandy Seiichi Nitta Foundation/Direct
3.	Noon Meal	Poverty /Mallnutrition alleviation	Koratty / Kakknad	60,000	40,000	40,000	K. T. Chandy Seiichi Nitta Foundation/Direct
4.	Maintenance of Greenbelt/ supply of saplings	Environmental sustainability	Koratty / Kakknad	75,000	1,10,380	1,10,380	K. T. Chandy Seiichi Nitta Foundation/Direct
5.	Medical Assistance / medical camp	Health care & sanitation	Koratty / Kakknad		74,502	74,502	K. T. Chandy Seiichi Nitta Foundation/Direct
6.	Sports / events relating to festivities	Rural sports	Koratty / Kakknad	70,000	86,254	86,254	K. T. Chandy Seiichi Nitta Foundation/Direct
7.	Self employment / SHG facilitation	Empowering women	Koratty / Kakknad	3,10,000	90,042	90,042	K. T. Chandy Seiichi Nitta Foundation/Direct
8.	Water supply	Safe drinking water	Koratty / Kakknad	10,03,000	9,39,560	9,39,560	K. T. Chandy Seiichi Nitta Foundation/Direct
9.	Project relating to public amenities	Rural development	Koratty / Kakknad	-	4,65,638	4,65,638	K. T. Chandy Seiichi Nitta Foundation/Direct
			TOTAL	19,43,000	21,42,276	21,42,276	

**RESPONSIBILITY STATEMENT OF CSR COMMITTEE**

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

Place : Kochi	K. L. KUMAR CHAIRMAN	A. K. NAIR MEMBER	Dr. SHINYA TAKAHASHI MEMBER	SAJIV K. MENON MEMBER
Date : 09.05.2017	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	The date since when subsidiary was aquired	18.12.1997	13.07.2009
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company	
5	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)	
6	Share capital	4,25,00,000	31,36,05,200
7	Reserves & surplus	1,36,59,105	(15,27,35,085)
8	Total assets	7,43,40,394	55,51,92,931
9	Total Liabilities	7,43,40,394	55,51,92,931
10	Investments	-	41,40,000
11	Turnover	13,58,95,494	33,44,65,943
12	Profit before taxation	1,07,14,120	(7,79,04,134)
13	Provision for taxation	37,99,890	-
14	Profit after taxation	69,14,230	(7,79,04,134)
15	Proposed Dividend	NIL	NIL
16	Extent of shareholding (in percentage)	82.35	74.55

1. Names of subsidiaries which are yet to commence operations - NIL

2. 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

PAUL ANTONY IAS SAJIV K. MENON DR. M. BEENA IAS  
CHAIRMAN MANAGING DIRECTOR DIRECTOR

RADHA UNNI RAYMOND MERZ K. L. KUMAR  
DIRECTOR DIRECTOR DIRECTOR

DR. K. CHERIAN VARGHESE  
DIRECTOR

P. SAHASRANAMAN G. RAJESH KURUP  
CHIEF FINANCIAL OFFICER COMPANY SECRETARY

Place: Kochi  
Date: 09.05.2017

## ANNEXURE III

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

#### (A) CONSERVATION OF ENERGY

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

#### a. Energy conservation activities carried out during the year:

##### Activities at Ossein Division

- i) Energy inefficient pumps were replaced.
- ii) Variable Frequency Drive (VFD) installed in Ossein drying process
- iii) Additional capacitors installed for improving power factor.
- iv) Energy efficient motors / gear boxes installed to save on energy costs.
- v) 100 HP Root Blower replaced with lower HP Blower through decentralization process.
- vi) LED lights were fixed in liming plant

##### Activities at Gelatin Division

- i) Optimised power consumption during the peak hours of the day.
- ii) Optimised compressed air pressure setting to the plant.
- iii) Conventional lamps were replaced by more efficient LED lamps in the plant.

- iv) Variable Frequency Drive (VFD) were installed to reduce power consumption.
- v) Power efficient Jet Aerators were introduced to improve the aeration efficiency.
- vi) Right sizing of pumps were made for optimizing power consumption for different applications.

### Capital investments on energy conservation equipments

The Company has spent an amount of Rs. 54.23 lakhs as capital expenditure on energy saving equipments during the year.

### Energy conservation activities proposed for 2017-18

- i) Replacement of halogen / fluorescent lamps with LED light
- ii) Installation of energy efficient pumps
- iii) Vacuum filter filtration system will be replaced with energy efficient volute system
- iv) Installation of intermediate controller for compressors.

### (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

### Expenditure on R&D

Particulars	Rs. in lakhs	
	Current year	Previous year
a. Capital - R&D Centre Ossein Dvn. & Gelatin Dvn	16.08	16.77
b. Capital - Bamni Dvn R&D Centre	-	330.92*
Bamini Dvn R&D Centre- Capital WIP	-	-
Total Capital expenditure	16.08	347.69
c. Recurring expenses - Ossein Division R&D Centre, Gelatin Division R&D Centre & Bamni Division	77.64	75.45
Percentage to turnover	0.28	1.18

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

Particulars	Current year	Previous year
a. Earnings	16625.08	18027.83
b. Outgo	1413.73	749.43

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

Particulars	Current year 2016-17	Previous year 2015-16
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	247.66	267.25
Total Amount (Rs. In lacs)	1434.50	1541.54
Rate/Unit (Rs.)	5.79	5.77
(b) Own Generation		
(i) Through Diesel Generator Unit (KWH in lakhs)	0.91	0.97
Unit per litre of Diesel Oil	2.5	2.50
Cost / Unit (Rs.)	21.14	21.81
2. Furnace Oil		
Quantity (in KL)	795	749
Total Amount (Rs. in lakhs)	199.58	169.03
Average rate (Rs. per KL)	25109.27	22578.71
3. Firewood		
Quantity (in MT)	35879.75	39901.83
Total Amount (Rs. in lakhs)	892.68	1085.84
Average rate (Rs. per MT)	2487.99	2721.29
4. LNG		
Quantity (in MMBTU)	29899.22	38250
Total Amount (Rs. in lakhs)	185.69	271.38
Average rate (Rs. per MMBTU)	621.07	709.48
<b>Product - Ossein</b>		
1. Electricity (KWH) per MT	2137	2080
2. Firewood (MT) per MT	1.07	0.82
<b>Product - Gelatin</b>		
1. Electricity (KWH) per MT	3578	3508
2. Furnace Oil (KL) per MT	0.11	0.13
3. Firewood (MT) per MT	7.97	7.46
4. LNG (MMBTU) / MT	8.96	10.16
<b>Product - Collagen Peptide</b>		
1. Electricity (KWH) per MT	6532.37	5551.97
2. Firewood (MT) per MT	5.97	5.84

Kochi  
09.05.2017

PAUL ANTONY, IAS  
CHAIRMAN  
(DIN:02239492)

**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 - 31.46 (31.64 ) Mr. T. Yamaki , Director (Operations) - 8.14 ( 6.85)
(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 - 12.91% (9.19 %) Mr. T. Yamaki, Director (Operations) -34.96% (3%) Key Managerial Persons : Mr. P. Sahasranaman, CFO - -4.83% (6.53%) Mr. G.Rajesh Kurup, CS - 27.37% (23.33%)
(iii)	The percentage increase in the median remuneration of employees in the financial year;	13.52% (10.73%)
(iv)	The number of permanent employees on the rolls of the company;	426 permanent employees as on 31.03.2017
(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 10.47% and that of non-managerial -16.73%.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid by the company during the financial year 2016-17 is as per the Remuneration policy of the Company.
	(*Not applicable since there was no position as Director (Operations) in the previous financial year)	

Kochi  
09.05.2017

PAUL ANTONY IAS  
CHAIRMAN  
(DIN: 02239492)

**ANNEXURE - V****Form AOC-2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis  
NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
  - a) Name(s) of the related party and nature of relationship
    - i) Nitta Gelatin Inc. - Enterprise having substantial interest in the Company
    - ii) Nitta Gelatin NA Inc - Subsidiary of Nitta Gelatin Inc.
    - iii) Nitta Gelatin Canada Inc - Subsidiary of Nitta Gelatin Inc.
    - iv) Bamni Proteins Ltd. - Subsidiary Company
    - v) Reva Proteins Ltd - Subsidiary Company
  - b) Nature of contracts / arrangements / transactions  
Sales / purchase of materials  
Availing or rendering of services
  - c) Duration of contracts / arrangements / transactions : April 2016 to March 2017
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any.  
Refer Note No. 2.26 on accounts
  - e) Date(s) of approval by the Board, if any:06.05.2016,03.08.2016,05.11.2016 and 06.02.2017
  - f) Amount paid as advances, if any: NIL

Kochi  
09.05.2017

PAUL ANTONY, IAS  
CHAIRMAN  
(DIN:02239492)

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

FOR THE FINANCIAL YEAR ENDED  
31<sup>ST</sup> MARCH,2017.

(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 31st March,2017 complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent ,in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March,2017 according to the provisions

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 2013 (the Act) and the rules made thereunder;</li> <li>(ii) The Securities Contracts (Regulation)</li> </ul> | <ul style="list-style-type: none"> <li>Act,1956 (SCRA) and the Rules made thereunder;</li> <li>(iii) The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;</li> <li>(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;</li> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 (SEBI Act) :- <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations,2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009; <b>(Not applicable to the Company during audit period)</b></li> <li>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999. <b>Not applicable to the Company during audit period)</b></li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008 <b>(Not applicable to the Company during audit period);</b></li> <li>(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;</li> <li>(g) The Securities and Exchange board of India (Delisting of Equity shares) Regulations,2009 <b>(Not applicable to the Company during audit period);and</b></li> <li>(h) The Securities and Exchange Board of India (Buy back of Securities ) Regulations ,1998 <b>(Not applicable to the Company during audit period);</b></li> </ul> </li> <li>(vi). The following other laws as may be applicable specifically to the Company;</li> </ul> |
|--|---|

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

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

- (i) Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. *As per Regulation 24 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity. On examination of the Board minutes of Nitta Gelatin India Limited :*

*Minutes of Reva Proteins Ltd (subsidiary) has placed only at the 1st Board Meeting during the Financial Year i.e. on 06.05.2016 and Minutes of Bamni Proteins Limited (Subsidiary) has not placed before the Board Meetings of Nitta.*

*Kindly adopt a system of placing the Board Minutes of subsidiaries in the Board Meeting of Nitta as per the mandate of Regulation 24 (3) of LODR.*

2. *As per Standard 6.4 of the Secretarial Standard 1 (SS-1), meetings of Board of Directors, "Resolutions passed by circulation shall be noted at the next Meeting of the Board and the text thereof with dissent or abstention, if*

*any, shall be recorded in the Minutes of such Meeting". The Board has approved a circular resolution for authorization to Directors for migrating to GST on 10.01.2017. On analysis of the minutes of next Board meeting held on 06-02-2017 it is observed that there is inadequate compliance of Standard 6.4 in as much as the text of the resolution has not been recorded in the minutes as envisaged by the Standards 6.4.*

3. *The Company has paid additional fee of Rs.12000 to the Ministry with respect to modification of sanctioned credit facilities by SBI and HDFC bank. The cases with respect to delay in Charge filing with Bankers (i.e. SBI and HDFC) were found to be repetitive in nature when we compared the same with the last two financial years. This matter needs to be discussed with Bankers whenever new credit facilities sanctioned or existing credit facilities get renewed so that cases of such nature were not further get repeated.*
4. *As per the provisions of the Foreign Exchange Management Act, 1999, ECB Return (ECB-2) should be filed within seven working days from the end of each month. On analysis it is found that (i) ECB Return for the month of April, 2016 has been filed on 14th June, 2016 with a delay of 28 days, (ii) ECB Return for the month of May, 2016 has been filed on 14th June, 2016 with a delay of 4 days, (iii) ECB Return for the month of July, 2016 has been filed on 10th August, 2016 with a delay of 1 day, (iv) ECB Return for the month of October, 2016 has been filed on 22nd November, 2016 with a delay of 11 days and (v) ECB Return for the month of November 2016 has been filed on 15th December, 2016 with a delay of 5 days.*
5. *The production of gelatin exceeds the limit as per FSSA License for the last two years 2015-16 and 2016-17 and hence found to be repetitive in nature without amending the license accordingly for the enhancement of the permissible*

*quantity of gelatin . This is evident as per examination of Annual Return in Form D1 filed under Regulation 2.1.13 of the FSSA 2006 , and the total gelatin production comes about 3824 MT and 4003 MT respectively which are in excess of the limit of 3650 MT per year. The Company is advised to increase the licensed limit accordingly.*

I further report that

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

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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 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:09.05.2017 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: 09.05.2017 M.No.22601;C.P No.14524

**ANNEXURE VII**

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2017**  
**[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	59.50
2	Dicalcium Phosphate	20295	15.86
3	Ossein/Ossein(Limed)	20119	15.38

\*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-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% 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	0.05	691	3548	4239	0.05	Nil
b) Banks / FI	Nil	6332	6332	0.06	Nil	6332	6332	0.06	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.12</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.12</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	128876	9397	138273	1.52	271492	8897	280389	3.08	1.56
i) Indian	-	-	-	-	1-	-	-	-	-
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1495810	200370	1696180	18.68	1442072	194497	1636569	18.03	-0.65
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	351743	Nil	351743	3.87	269535	Nil	269535	2.97	-0.90

c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	24609	1864	26473	0.29	23024	1864	24888	0.27	-0.01
Hindu Undivided Families	85082	66	85148	0.94	88939	66	89005	0.98	0.04
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	8252	Nil	8252	0.09	5683	Nil	5683	0.06	-0.02
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(2):-</b>	<b>2094372</b>	<b>211697</b>	<b>2306069</b>	<b>25.39</b>	<b>2100745</b>	<b>205324</b>	<b>2306069</b>	<b>25.39</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2095063</b>	<b>221577</b>	<b>2316640</b>	<b>25.51</b>	<b>2101436</b>	<b>215204</b>	<b>2316640</b>	<b>25.51</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>8857583</b>	<b>221577</b>	<b>9079160</b>	<b>100.00</b>	<b>8863956</b>	<b>215204</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-2016)			Share holding at the end of the year (As on 31-March-2017)			% 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.	Rajasthan Global Securities Private Limited				
	At the beginning of the year	0	0.0000		
	Changes during the year				
	Purchase 10-Feb-2017	23835	0.26	23835	0.26
	Purchase 17-Feb-2017	18496	0.20	42331	0.46
	Purchase 24-Feb-2017	2280	0.03	44611	0.49
	Purchase 03-Mar-2017	3409	0.04	48020	0.53
	Purchase 17-Mar-2017	13315	0.15	61335	0.68
	Purchase 24-Mar-2017	1083	0.01	62418	0.69
	Purchase 31-Mar-2017	7319	0.08	69737	0.77
	At the end of the year			69737	0.77
2.	Aparna Sarees Private Limited				
	At the beginning of the year	0	0.00%		
	Changes during the year				
	Purchase 16-Sep-2016	3577	0.04	3577	0.04
	Sale 23-Sep-2016	-1577	0.02	2000	0.02
	Purchase 07-Oct-2016	7000	0.08	9000	0.10
	Purchase 28-Oct-2016	7338	0.08	16338	0.18
	Sale 04-Nov-2016	-3719	0.04	12619	0.14
	Sale 11-Nov-2016	-4976	0.05	7643	0.09
	Purchase 18-Nov-2016	1437	0.02	9080	0.11
	Purchase 25-Nov-2016	1598	0.02	10678	0.13
	Purchase 09-Dec-2016	2163	0.02	12841	0.15
	Sale 16-Dec-2016	-635	0.01	12206	0.14
	Sale 06-Jan-2017	-5421	0.06	6785	0.08
	Sale 13-Jan-2017	-2678	0.03	4107	0.05
	Sale 27-Jan-2017	-1411	0.02	2696	0.03
	Purchase 03-Feb-2017	9984	0.11	12680	0.14
	Purchase 10-Feb-2017	10840	0.12	23520	0.26
	Purchase 17-Feb-2017	5692	0.06	29212	0.32
	Purchase 24-Feb-2017	3270	0.04	32482	0.36
	Purchase 03-Mar-2017	1149	0.01	33631	0.37
	At the end of the year			33631	0.37
3.	Japa Investment Advisor LLP	26268	0.29		
	Changes during the year				
	Sale 17-Feb-2017	1-268	0.00	26000	0.29
	At the end of the year			26000	0.29

4	Chanda Devi Ramgopal Ranga				
	At the beginning of the year	24038	0.26		
	Changes during the year Purchase 06-Jan-2017	750	0.01	24788	0.27
	At the end of the year			24788	0.27
5.	SaliniToppo				
	At the beginning of the year	23893	0.26	23893	0.26
	Changes during the year Sale 17-Feb-2017	-2930	0.00	23600	0.26
	At the end of the year			23600	0.26
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	0.23	21000	0.23
	Changes during the Year NIL				
	At the end of the year			21000	0.23
8	Abbas Abdeali Merchant				
	At the beginning of the year	7208	0.08		
	Changes during the year				
	Purchase 13-May-2016	9458	0.10	16666	0.18
	Purchase 27-May-2016	200	0.00	16866	0.18
	Purchase 03-Jun-2016	257	0.00	17123	0.18
	Purchase 15-Jul-2016	1547	0.02	18670	0.20
	Sale 22-Jul-2016	-732	0.01	17938	0.19
	Purchase 05-Aug-2016	1000	0.01	18938	0.20
	Purchase 12-Aug-2016	471	0.01	19409	0.21
	Purchase 19-Aug-2016	180	0.00	19589	0.21
	Sale 02-Sep-2016	-400	0.00	19189	0.21
	Sale 23-Sep-2016	-1194	0.01	17995	0.20
	Sale 30-Sep-2016	-1160	0.01	16835	0.19
	Sale 07-Oct-2016	-785	0.01	16050	0.18
	Purchase 14-Oct-2016	8	0.00	16058	0.18
	Sale 11-Nov-2016	-200	0.00	15858	0.18
	Sale 18-Nov-2016	-350	0.00	15508	0.18
	Sale 06-Jan-2017	-100	0.00	15408	0.17
	Sale 20-Jan-2017	-165	0.00	15243	0.17
	Purchase 03-Feb-2017	999	0.01	16242	0.18
	Purchase 10-Feb-2017	1000	0.01	17242	0.19
	Purchase 10-Mar-2017	2617	0.03	19859	0.22
	Purchase 17-Mar-2017	895	0.01	20754	0.23
	At the end of the year			20754	0.23

9 (i)	Angel Broking Private Limited*				
	At the beginning of the year	1347	0.01		
	Changes during the year				
	Sale 15-Apr-2016	-75	0.00	1272	0.01
	Purchase 29-Apr-2016	20	0.00	1292	0.01
	Purchase 20-May-2016	7	0.00	1299	0.01
	Purchase 24-Jun-2016	144	0.00	1443	0.01
	Sale 08-Jul-2016	-144	0.00	1299	0.01
	Purchase 29-Jul-2016	100	0.00	1399	0.01
	Sale 05-Aug-2016	-100	0.00	1299	0.01
	Sale 26-Aug-2016	-75	0.00	1224	0.01
	Sale 30-Sep-2016	-20	0.00	1204	0.01
	Sale 14-Oct-2016	-589	0.01	615	0.00
	Sale 02-Dec-2016	-188	0.00	427	0.00
	Purchase 24-Feb-2017	12356	0.14	12783	0.14
	Purchase 03-Mar-2017	6111	0.07	18894	0.21
	At the end of the year			18894	0.21
(ii)	Angel Broking Private Limited*				
	At the beginning of the year	1572	0.01		
	Changes during the year				
	Purchase 08-Apr-2016	500	0.01	2072	0.02
	Purchase 15-Apr-2016	379	0.00	2451	0.02
	Purchase 22-Apr-2016	610	0.01	3061	0.03
	Purchase 29-Apr-2016	326	0.00	3387	0.03
	Purchase 06-May-2016	130	0.00	3517	0.03
	Purchase 13-May-2016	3126	0.03	6643	0.06
	Sale 20-May-2016	-2273	0.03	4370	0.03
	Purchase 27-May-2016	602	0.01	4972	0.04
	Purchase 03-Jun-2016	771	0.01	5743	0.05
	Sale 10-Jun-2016	-141	0.00	5602	0.05
	Sale 17-Jun-2016	-761	0.01	4841	0.04
	Sale 24-Jun-2016	-144	0.00	4697	0.04
	Sale 30-Jun-2016	-66	0.00	4631	0.04
	Sale 01-Jul-2016	-6	0.00	4625	0.04
	Sale 08-Jul-2016	-400	0.00	4225	0.04
	Sale 15-Jul-2016	-265	0.00	3960	0.04
	Purchase 22-Jul-2016	304	0.00	4264	0.04
	Purchase 27-Jul-2016	601	0.01	4865	0.05
	Purchase 29-Jul-2016	49	0.00	4914	0.05
	Sale 05-Aug-2016	-1368	0.02	3546	0.03
	Sale 12-Aug-2016	-697	0.01	2849	0.02
	Sale 19-Aug-2016	-200	0.00	2649	0.02
	Purchase 26-Aug-2016	100	0.00	2749	0.02
	Sale 02-Sep-2016	-20	0.00	2729	0.02
	Sale 09-Sep-2016	-45	0.00	2684	0.02
	Purchase 16-Sep-2016	50	0.00	2734	0.02
	Purchase 23-Sep-2016	1359	0.01	4093	0.03
	Sale 30-Sep-2016	-2423	0.03	1670	0.00
	Purchase 07-Oct-2016	4688	0.05	6358	0.05
	Sale 14-Oct-2016	-4085	0.04	2273	0.01
	Sale 21-Oct-2016	-820	0.01	1453	0.00
	Purchase 28-Oct-2016	350	0.00	1803	0.00
	Purchase 04-Nov-2016	17	0.00	1820	0.00
	Purchase 11-Nov-2016	620	0.01	2440	0.01
	Purchase 18-Nov-2016	613	0.01	3053	0.02
	Sale 25-Nov-2016	-208	0.00	2845	0.02
	Purchase 02-Dec-2016	65	0.00	2910	0.02

	Sale 09-Dec-2016	-121	0.00	2789	0.02
	Sale 16-Dec-2016	-600	0.00	2189	0.02
	Sale 23-Dec-2016	-700	0.00	1489	0.02
	Sale 30-Dec-2016	-200	0.00	1289	0.02
	Sale 06-Jan-2017	-417	0.00	872	0.02
	Purchase 13-Jan-2017	779	0.01	1651	0.03
	Purchase 20-Jan-2017	15	0.00	1666	0.03
	Purchase 27-Jan-2017	100	0.00	1766	0.03
	Purchase 03-Feb-2017	457	0.01	2223	0.04
	Purchase 10-Feb-2017	162	0.00	2385	0.04
	Purchase 17-Feb-2017	206	0.00	2591	0.04
	Sale 03-Mar-2017	-779	0.01	1812	0.03
	Sale 10-Mar-2017	-900	0.01	912	0.02
	Sale 17-Mar-2017	-50	0.00	862	0.02
	Sale 24-Mar-2017	-14	0.00	848	0.02
	Purchase 31-Mar-2017	141	0.00	989	0.02
	At the end of the year			989	0.02
(iii)	Angel Broking Private Limited*				
	At the beginning of the year	450	0.00	450	0.00
	Changes during the year				
	Sale 27-May-2016	-390	0.00	60	0.00
	Sale 12-Aug-2016	-2	0.00	58	0.00
	Sale 07-Oct-2016	-58	0.00	0	0.00
	At the end of the year			0	0.00
(iv)	Angel Broking Private Limited*				
	At the beginning of the year	201	0.00		
	Changes during the year				
	Sale 29-Apr-2016	-81	0.00	120	0.00
	Purchase 13-May-2016	5	0.00	125	0.00
	Purchase 20-May-2016	146	0.00	271	0.00
	Purchase 27-May-2016	84	0.00	355	0.00
	Sale 22-Jul-2016	-161	0.00	194	0.00
	Sale 19-Aug-2016	-194	0.00	0	0.00
	Purchase 10-Feb-2017	153	0.00	153	0.00
	Purchase 17-Feb-2017	100	0.00	253	0.00
	Purchase 10-Mar-2017	2	0.00	255	0.00
	At the end of the year			255	0.00
(v)	Angel Broking Private Limited*				
	At the beginning of the year	83	0.00		
	Changes during the year				
	Purchase 08-Apr-2016	20	0.00	103	0.00
	Sale 15-Apr-2016	-83	0.00	20	0.00
	Sale 29-Apr-2016	-20	0.00	0	0.00
	Purchase 27-May-2016	149	0.00	149	0.00
	Purchase 03-Jun-2016	10	0.00	159	0.00
	Sale 24-Jun-2016	-149	0.00	10	0.00
	Sale 27-Jul-2016	-10	0.00	0	0.00
	Purchase 30-Sep-2016	103	0.00	103	0.00
	Purchase 07-Oct-2016	78	0.00	181	0.00
	Purchase 14-Oct-2016	48	0.00	229	0.00
	Purchase 02-Dec-2016	37	0.00	266	0.00
	Purchase 06-Jan-2017	64	0.00	330	0.00
	At the end of the year			330	0.00

(vi)	Angel Broking Private Limited*				
	At the beginning of the year	0	0.00		
	Changes during the year				
	Purchase 08-Apr-2016	350	0.00	350	0.00
	Sale 15-Apr-2016	-129	0.00	221	0.00
	Sale 22-Apr-2016	-168	0.00	53	0.00
	Purchase 29-Apr-2016	74	0.00	127	0.00
	Purchase 06-May-2016	261	0.00	388	0.00
	Sale 13-May-2016	-188	0.00	200	0.00
	Sale 20-May-2016	-200	0.00	0	0.00
	Purchase 03-Jun-2016	1050	0.01	1050	0.01
	Sale 10-Jun-2016	-1050	0.01	0	0.00
	Purchase 17-Jun-2016	580	0.01	580	0.01
	Sale 24-Jun-2016	-580	0.01	0	0.00
	Purchase 30-Jun-2016	66	0.00	66	0.00
	Sale 01-Jul-2016	-60	0.00	6	0.00
	Sale 08-Jul-2016	-6	0.00	0	0.00
	Purchase 15-Jul-2016	200	0.00	200	0.00
	Sale 22-Jul-2016	-200	0.00	0	0.00
	Purchase 27-Jul-2016	150	0.00	150	0.00
	Sale 29-Jul-2016	-150	0.00	0	0.00
	Purchase 05-Aug-2016	1538	0.02	1538	0.02
	Sale 12-Aug-2016	-1538	0.02	0	0.00
	Purchase 19-Aug-2016	23	0.00	23	0.00
	Purchase 26-Aug-2016	76	0.00	99	0.00
	Sale 02-Sep-2016	-99	0.00	0	0.00
	Purchase 09-Sep-2016	50	0.00	50	0.00
	Purchase 16-Sep-2016	70	0.00	120	0.00
	Purchase 23-Sep-2016	128	0.00	248	0.00
	Purchase 30-Sep-2016	352	0.00	600	0.00
	Purchase 07-Oct-2016	200	0.00	800	0.00
	Purchase 14-Oct-2016	2811	0.03	3611	0.03
	Sale 21-Oct-2016	-3586	0.04	25	0.00
	Purchase 28-Oct-2016	475	0.01	500	0.01
	Purchase 04-Nov-2016	1610	0.02	2110	0.03
	Sale 11-Nov-2016	-2000	0.02	110	0.01
	Sale 18-Nov-2016	-110	0.00	0	0.01
	Purchase 25-Nov-2016	100	0.00	100	0.01
	Purchase 02-Dec-2016	33	0.00	133	0.01
	Sale 09-Dec-2016	-133	0.01	0	0.00
	Purchase 16-Dec-2016	820	0.00	820	0.00
	Sale 23-Dec-2016	-820	0.00	0	0.00
	Purchase 06-Jan-2017	59	0.00	59	0.00
	Purchase 13-Jan-2017	441	0.00	500	0.00
	Purchase 20-Jan-2017	731	0.01	1231	0.01
	Sale 27-Jan-2017	-1231	0.01	0	0.00
	Purchase 10-Feb-2017	10	0.00	10	0.00
	Purchase 17-Feb-2017	656	0.01	666	0.01
	Sale 24-Feb-2017	-666	0.01	0	0.00
	Purchase 31-Mar-2017	180	0.00	180	0.00
	At the end of the year			180	0.00
10	Santosh Haribhau Chaudhari				
	At the beginning of the year	19500	0.22		
	Changes during the year				
	Sale 06-May-2016	-250	0.00	19250	0.22
	Sale 30-Sep-2016	-500	0.01	18750	0.21
	Sale 27-Jan-2017	-500	0.01	18250	0.20
	At the end of the year			18250	0.20

\* Having same PAN

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

SI No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Pullukottayil Habel Kurian*				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
2	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
3	Karunakaran Nair Appukuttan				
a)	At the beginning of the year	66	Nil	66	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			66	Nil
4	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
5	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
6	Takeo Yamaki				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
7	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
8	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

9	Norimichi Soga #				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
10	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
11	Dr K Cherian Varghese				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
12	Dr.Naotoshi Umeno				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
13	Seichi Nishikawa				
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	Gopalakrishnan Rajesh 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
15	Parameshwaran Sahasranaman				
a)	At the beginning of the year	2424	0.03%	2424	0.03%
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			2424	0.03%

\*ceased.w.e.f 27.09.2016

\*\*appointed w.e.f 27.09.2016

# ceased w.e.f 06.05.2016

##appointed w.e.f 06.05.2016

**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	47,85,69,927	6,50,00,000	-	54,35,69,927
ii) Interest due but not paid	7,12,496	-	-	7,12,496
iii) Interest accrued but not due	-	75,413	-	75,413
<b>Total (i+ii+iii)</b>	<b>47,92,82,423</b>	<b>6,50,75,413</b>	<b>-</b>	<b>54,43,57,836</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	2,76,516	-	2,76,516
* Reduction	(5,14,51,039)	-	-	(5,14,51,039)
<b>Net Change</b>	<b>(5,14,51,039)</b>	<b>2,76,516</b>	<b>-</b>	<b>(5,11,74,523)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	42,76,69,113	6,50,00,000	-	49,26,69,113
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>42,78,31,384</b>	<b>6,53,51,929</b>	<b>-</b>	<b>49,31,83,313</b>

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

(In Rs)

SN	Particulars of Remuneration	Name of MD- Shri Sajiv K. Menon	Name of WTD- Shri Takeo Yamaki	Total Amount
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,27,23,838	34,04,655	1,65,64,093
	(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 - as % of profit - others, specify...	Nil	Nil	Nil
5	Others: Contribution to Provident Fund	435600	Nil	435600
	<b>Total (A)</b>	<b>1,31,59,438</b>	<b>34,04,655</b>	<b>1,65,64,093</b>
	Ceiling as per the Act	<b>1,38,75,944</b>	<b>1,38,75,944</b>	<b>2,77,51,888</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	1,98,000	1,98,000	1,20,000	30,000	1,50,000	6,96,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	<b>Total (1)</b>	<b>1,98,000</b>	<b>1,98,000</b>	<b>1,20,000</b>	<b>30,000</b>	<b>1,50,000</b>	<b>6,96,000</b>
2	Other Non-Executive Directors	Pullukottayil Habel Kurian	Beena Mahadevan	Raymond Merz	Norimichi Soga	Seiichi Nishikawa	Total Amount
	Fee for attending board committee meetings	24,000	12,000	0	0	0	36,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	<b>Total (2)</b>	<b>24,000</b>	<b>12,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,000</b>
<b>Total (B)=(1+2)</b>							<b>7,32,000</b>
Total Managerial Remuneration(A+B)							<b>1,72,96,093*</b>
Overall ceilings as per the Act							<b>2,77,51,888</b>

\*includes sitting fee

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

(In Rs)

SI No	Particulars of Remuneration	Key Managerial Personnel other than MD/Manager/WTD		Total
		Company Secretary (Rajesh Gopalakrishnan Kurup)	CFO (Parameswaran Sahasranaman)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,40,153	14,97,258	31,37,411
	(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
3	Sweat Equity		Nil	Nil
4	Commission		Nil	Nil
	- as % of profit		Nil	Nil
5	Others: Retirement benefits and food coupon	1,88,770	1,63,847	3,52,617
	<b>Total</b>	<b>18,28,923</b>	<b>16,61,105</b>	<b>34,90,028</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  
09.05.2017

PAUL ANTONY IAS  
CHAIRMAN  
(DIN:02239492)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

The global gelatin market is currently being driven by an increasing demand for functional and convenience foods, growth in end-user industries, rising health awareness and growth in emerging markets. Owing to these factors, this market has grown at a CAGR of around 3% during 2009 - 2016. Capsules continue to be the favored drug delivery vehicle for solid oral dosage forms (Source: Tablets and Capsules magazine). In 2014, 10-15% of FDA approved drug products were in capsule formulations. 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.

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, NGIL has witnessed tough competition in terms of price. The consistent quality, regulatory compliances and long term relationship with customers helped NGIL to compete effectively despite the price war. Increase in export volume and higher forex rate helped to maintain better realization.

### Exports

NGIL maintained its prominence in the niche overseas markets during the FY 2016-17 for Gelatin. Export of Ossein during the year 16-17 was 2722 MT as against 3508 MT during the previous year. Export of Limes Ossein was 144 MT against 504 MT during the previous fiscal. DCP export during the year was 258 MT as against 301 MT during the previous year. In the case of Gelatin, exports for the year stood at 1871 MT against 1700 MT during the previous fiscal. The omega 3 (Fish oil) supplement demand witnessed some set back in US during 2014-16 which affected the Gelatin soft capsule business. However during 2016-17, the demand recovered which helped NGIL to achieve an increase in export volume and fetch better realization. Export of Collagen Peptide during the year was 100 MT against 89.4 MT during 2015-16. Collagen Peptide export faced a challenge in raw material procurement due to lengthy import control procedures and our processes are being streamlined to realign with the same. The major markets are US and Korea. The average USD/INR exchange rate for the year 2016-17 was 66.17 as against 65.15 for the previous financial year.

### Domestic

The domestic demand for Gelatin is showing steady growth trend as India is strengthening its identity as a pharma manufacturing hub. However, due to capacity constraints, the domestic sales volume of Gelatin was limited to focus more on export. Domestic sale of Gelatin was 2027 during the period as against 2121MT in the previous period. Domestic sale of Collagen Peptide was 99.4MT against 145.5 MT during the previous financial year. The volume drop is mainly due to raw material availability issues. Di calcium Phosphate sales was 14848MT as against 16781 MT during the previous financial year.

## Opportunities and threats

The global market for Gelatin is projected to exceed 480,000 metric tons by 2022, driven by widening applications in food, pharma and nutritional products. Gelatin's excellent properties and functionalities makes it a suitable excipient for such applications. This apart, the demand for Gelatin is projected to increase particularly in the Asian markets such as China and India, driven by population growth and economic development. NGIL 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.

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 hrs. 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 have 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.

The animal origin of gelatin, price fluctuations, and technical limitations have hampered growth in the gelatin capsule market in India. During 2012-14 overall prices of pharmaceutical grade gelatin increased 10-15% due to raw material cost escalation arising out of increased demand for raw bones from the competing Meat & Bone meal industry. 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.

## Outlook

Economic activity is projected to pick up pace in 2017 and 2018, especially in emerging markets and developing economies. However, there is a

wide dispersion of possible outcomes around the projections, given the uncertainty surrounding the policy stance of the U.S. administration and its global ramifications. India has taken the baton of the fastest growing economy and even surpassed China. The demand for Gelatin, Collagen Peptide and DCP 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. NGIL is striving towards realizing its vision of emerging as the world's best gelatin manufacturing company through a systematic operational excellence initiative. The recent restrictions on cow slaughter and related political noises may affect the raw material availability in the short run but it is expected that control on illegal slaughter houses can help consolidate the supply chain through more organized operations in the long run.

## 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. 27.75 crores for the current year as against Rs. 26.43 crores for the previous financial year. The post-tax profit for the current year is Rs. 17.51 crores whereas it stood at Rs. 16.69 crores for 2015-16.

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 demonetization of Rs. 500 and Rs. 1000 notes by the Govt. has not impacted the operations of the Company as most of the transactions of the Company were settled by way of e-payments / cheques.

The basic and diluted earnings per share during the year was Rs. 19.28 as against Rs. 17.33 and 16.79 respectively 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.

As a part of bringing in better operational synergy and speed of response to challenging situations, some of the staff handling various Administrative, Marketing, Commercial and Finance functions were transferred from the Corporate Office to the factories last year. It is proposed to rent out the vacant space created as a result of such transfers to augment the Company's revenue streams in the coming fiscal.

Kochi  
09.05.2017

During the financial year 5S activities were launched in Ossein Division and Gelatin Division which is expected to bring in orderliness, cleanliness and improve productivity of the employees.

As on 31st March, 2017 the total permanent employee strength of the company was 426.

#### **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,

PAUL ANTONY IAS  
CHAIRMAN  
(DIN:02239492)

## 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.

Four (4) Board meetings were held during the financial year 2016-17 on 06.05.2016, 03.08.2016, 05.11.2016 and 06.02.2017.

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 31.03.2017 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.	Mr. P. H Kurian, IAS, Nominee of KSIDC and Principal Secretary (Industries & IT), Govt of Kerala (Nominated as Chairman w.e.f 04.10.2013 and ceased to be the Chairman w.e.f 27.09.2016)	Nominee Director representing KSIDC, TVM*	Nil	2/2	Yes	-	19	-	-
2.	Mr. Paul Antony IAS, Nominee of KSIDC and Additional Chief Secretary (Industries and Power), Govt. of Kerala (Nominated as CHAIRMAN (w.e.f 27.09.2016)	Nominee Director representing KSIDC TVM*	Nil	2/2	No	-	8	-	-
3.	Dr. M. Beena IAS, Nominee and Director of KSIDC.	Nominee Director representing KSIDC TVM*	Nil	1/4	Yes	-	10	-	-
4.	Mr. Takeo Yamaki.	Executive Director. Operations	Nil	4/4	Yes	Nominee of Nitta Gelatin Inc. Japan	-	-	-
5.	Mr N. Soga, Nominee of Nitta Gelatin Inc. (ceased to be the Director w.e.f 06.05.2016)	Promoter Director (Non-Executive)	Nil	0/1	No	Director & Chairman Nitta Gelatin Inc., Japan Director Nitta Gelatin NA., USA	-	-	-

6.	Mr. A. K. Nair (See Note 2.05)	Non Executive Independent Director	66 Nos Equity Shares	4/4	Yes	Director, Strides Acrolab Ltd, Bangalore	9	4	3
7.	Mr. K L Kumar (See Note 2.05)	Non Executive Independent Director	Nil	4/4	Yes	Director - Reva Proteins Ltd	1	-	-
8	Mrs. Radha Unni (See Note 2.05)	Non Executive Independent Director	Nil	4/4	Yes	-	4	3	-
9	Dr. Naotoshi Umeno (See Note 2.05)	Non Executive Independent Director	Nil	1/4	Yes	-	-	-	-
10.	Dr. K. Cherian Varghese (See Note 2.05)	Non Executive independent Director	Nil	4/4	Yes	-	1	-	-
11	Mr. Sajiv K Menon (Re appointed as Managing Director w.e.f 01.04.17)	Executive Managing Director	Nil	4/4	Yes	Chairman, Bamni Proteins Ltd, Chairman Reva Proteins Ltd	-	-	-
12	Mr. Reymond Merz (Appointed as Casual Vacancy Director w.e.f 06/05/2016)	Non Executive Director	Nil	1/4	Yes	-	-	-	-
13	Mr. Seiichi Nishikawa (Appointed as Alternate Director w.e.f 06/05/2016)	Alternate Director	Nil	0/4	No	-	-	-	-

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

- 2.01 The number of Directorships shown includes Directorships in Private companies also. As such it is within the limit prescribed under Section 165 of the Companies Act, 2013.
- 2.02 The number of Board committees in which the director is a member or chairperson includes only Audit Committee and Stakeholders Relationship Committee.
- 2.03 The Directors have no inter-se relationship, whatsoever.
- 2.04 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 Mr. Natoshi Umeno, who meets 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 2016-17.

Mr. Paul Antony, IAS was formally appointed as Nominee director representing KSIDC replacing Mr. P.H Kurian, IAS with effect from 27.09.2016.

Mr N.Soga, Nominee of Nitta Gelatin Inc. is ceased to be a director w.e.f 06.05.2016.

### **Familiarisation programme**

The Company has fully recognized the need of 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 year 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 in the light of the Guidance Note on Board Evaluation issued by SEBI, dated 05.01.2017, evolving a questionnaire for self and peer evaluation by Directors, capturing the salient points covered in the Guidance Note 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 31.03.2017**

#### **a. Mr. Paul Antony, IAS**

A senior officer of Indian Administrative Service, Mr. Paul Antony has held various higher offices in Government. He is presently Additional Chief Secretary, Industries and Power under Govt. of Kerala.

#### **b. Mr. Sajiv K. Menon, Managing Director**

A B.Tech in Chemical Engineering, PGDM (Fin.& Mktg), from IIM, Bangalore, and a Fulbright Scholar at Carnegie Mellon University, USA, Mr. Sajiv K. Menon had a long tenure of more than 33 years' experience in various capacities in Engineering and Chemical Industries before taking charge as Managing Director of NGIL.

#### **c. Mr. Takeo Yamaki, Director (Operations)**

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

#### **d. Dr. M. Beena IAS**

Dr. Beena has had varied experience working at the helm of various Govt. Departments and Agencies.

She is presently the Managing Director of Kerala State Industrial Development Corporation Limited (KSIDC) and Kerala Industrial Infrastructure Development Corporation.

#### **e. Mr. Raymond Merz**

Mr. Raymond Merz is the Director and Executive Officer of the International Division. Mr. Seiichi Nishikawa, General Manager, Gelatin Division, Nitta Gelatin Inc., Japan acts as an Alternate Director to Mr. Raymond Merz.

#### **f. Mr. A. K. Nair**

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

#### **g. Mr. K. L. Kumar**

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

#### **h. Mrs. Radha Unni**

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

#### **i. Dr. Naotoshi Umeno**

A Japanese national, and an MBA from Kobe University, Japan, holding a Phd. in business management, Dr. Naotoshi Umeno has a career spanning 28 years as an academician in business studies as Professor at Hyogo University of Commerce. He has moved to Osaka University of Commerce as a Professor, with effect from 1<sup>st</sup> April 2017.

#### **j. Mr. Seiichi Nishikawa**

General Manager, Gelatin Division, Nitta Gelatin Inc., Japan acts as an Alternate Director to Mr. Raymond Merz.

#### **k. Dr. K Cherian Varghese**

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

### **3. AUDIT COMMITTEE**

The Company has a qualified and independent Audit Committee of the Board conforming to the requirements as prescribed by the Securities and Exchange Board of India (SEBI) on Corporate Governance, Listing Regulations outlined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee consists of four (4) non-executive 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 covers 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.

Five Audit Committee Meetings were held during the financial year 2016-17, the dates of which are 08.04.2016, 06.05.2016, 03.08.2016, 05.11.2016 and 06.02.2017.

The attendance of members is as follows:

Name of Directors	Category	No. of meetings attend- ed/Held
Mrs. Radha Unni	Chairperson	5/5
Mr. A.K.Nair	Member	5/5
Mr. K.L.Kumar	Member	5/5
Dr. K.Chcrian Varghese	Member	5/5

Mrs. Radha Unni, as Chairperson of the Audit Committee, was present at the Annual General Meeting of the Company, held on 3rd August, 2016 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 them 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 and Mr. K.L. Kumar and Dr. K. Chcrian Varghese as members.

As per the above position, the company had the requisite number of members on the Committee for the period from 1st April, 2016 till 31st March, 2017.

The terms of reference of the Committee include remuneration and terms and conditions of appointment of Executive Directors and Senior Management personnel. The roles of the committee shall include formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees and criteria for evaluation of performance of independent directors and the board of directors. During the financial year 2016-17, the Nomination and Remuneration Committee held two meetings on 06.05.2016 and 06.02.2017.

The attendance of members is as follows:

Name of Directors	No. of meetings attended/held
Mr. A.K.Nair	2/2
Mr. K.L.Kumar	2/2
Dr. K.Chcrian Varghese	2/2

#### Performance Evaluation Criteria for Independent Directors

Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The criteria for evaluation of performance of Independent Directors are as follows:

- \* Highest Personal and Professional ethics, integrity and values.
- \* Inquisitive and objective perspective, practical wisdom and mature 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. P H Kurian IAS	24,000.00
Mr. Paul Antony IAS	30,000.00
Dr. M Beena IAS	12,000.00
Dr. K Cherian Varghese	1,50,000.00
Mr. A K Nair	1,98,000.00
Mr. K L Kumar	1,98,000.00
Mrs. Radha Unni	1,20,000.00
Mr. Naotoshi Umeno	30,000.00

(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 2016-17

Name	Salary Rs.	PF Rs.	Incentive Rs.	Other Benefits Rs.	Total Rs.
Executive Directors:					
(a) Managing Director					
Mr. Sajiv K. Menon	70,13,772	4,35,600	25,50,000	31,60,066	13159438
(b) Whole Time Director:					
Mr. Takeo Yamaki	25,34,065	27,600	-	8,42,990	3404655

### 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 Budgeted for the same Period.	Upto 50%	50.05	75000	50.01 to 80%	62.5	93.750	80.01 to 100%	75	112500	100.01 to 110%	100.00	150000	Above 110.01%	125	187500
Increase in total revenue (consolidated) in current period compared to corresponding period	Upto 50%	16.67	25000	5.01 to 7.50%	20.83	31.250	7.51 to 10%	25	37500	10.01 to 15%	33.33	50000	Above 15.01%	41.67	62500
Total		66.72	100000		83.33	125000		100	150000		133.33	200000		166.67	250000

Service contract with the Managing Director ended on 31.03.2017 and that of Whole Time Director is upto the period ending on 10.07.2017 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. Kumar as members.

There was no Stakeholders' Relationship Committee Meeting during the period 01.04.2016 - 31.03.2017.

Name and designation of Compliance Officer: Mr. G. Rajesh Kurup, Company Secretary. Number of shareholders complaints received so far: one

Number not solved to the satisfaction of the shareholders: Nil

Number of pending complaints: Nil

All valid transfer requests received upto 31.03.2017 have been registered.

## 7. GENERAL BODY MEETING

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

AGM	Financial Year	Day	Date	Time	Location
40th	2016	Wednesday	03.08.2016	12.00 Noon	Fine Arts Hall, Ernakulam
39th	2015	Tuesday	08.09.2015	12.00 Noon	Fine Arts Hall, Ernakulam
38th	2014	Friday	11.07.2014	10.30 AM	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
03.08.2016	1. Re-appointment of Mr. Takeo Yamaki as a wholetime Director designated as Director (Operations)
08.09.2015	1.Appointment of Mr. Takeo Yamakias a wholetime Director designated as Director (Operations) 2.Approval for Related party Transactions entered into by the Company.
11.07.2014	1. Appointment of Mr. Sajiv K. Menon as Managing Director
	2. Approval of General Information furnished under Section II of Part II of Schedule XIII to the Companies Act, 1956.
	3. Payment of Leave Travel Concession (LTC) to Mr. G. Suseelan, erstwhile Managing Director

(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 2017-18; 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://www.listing.bseindia.com>. Official news releases and presentations made to institutional investor/analyst, if any, shall also be in line with the above.

## 9 GENERAL SHAREHOLDERS' INFORMATION

- i) Annual General Meeting, date, time & venue: 24th June, 2017 at 12 Noon at Fine Arts Hall, Ernakulam, Kochi-682036.
- ii) Financial Year: 1st April 2016 to 31st March 2017.
- iii) Date of book closure: 19.06.2017 to 24.06.2017 (both days inclusive)
- iv) Dividend payment date: (if declared at the Annual General Meeting) latest by 24.07.2017.
- v) The Company's Equity Shares are listed on the following Stock exchange and the annual listing fee to such Stock Exchange has been paid:  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001.
- vi) Stock Code : 506532 (BSE)
- vii) Market price data (monthly High and Low) of the Company's Equity shares traded on BSE Ltd, in comparison to BSE Sensex during the period April, 2016 to March, 2017 is given below period April, 2015 to March, 2016 is given below

Year	Month	NGIL		BSE SENSEX	
		High Price	Low Price	High Price	Low Price
2016	April	235.00	199.90	26,100.54	24,523.20
	May	225.00	160.40	26,837.20	25,057.93
	June	193.50	162.50	27,105.41	25,911.33
	July	193.50	162.50	28,240.20	27,034.14
	August	199.00	173.00	28,532.25	27,627.97
	September	226.40	179.10	29,077.28	27,716.78
	October	237.45	210.10	28,477.65	27,488.30
	November	245.00	187.00	28,029.80	25,717.93
	December	221.00	193.60	26,803.76	25,753.74
	2017	January	239.00	202.00	27,980.39
February		214.50	190.00	29,065.31	27,590.10
March		201.00	173.45	29,824.62	28,716.21

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

ix) Registrars and Share Transfer Agents:

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

x) Share transfer system

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

xi) Distribution of Shareholding and Shareholder's Profile:

#### a) Distribution of shareholding as at 31st March , 2017

No of Equity Shares held	No. of Shareholders	% of shareholders	No. of shares held				% of shareholding
			Physical	NSDL	CDSL	Total	
1-500	5687	88.58	139616	366596	188119	694331	7.65
501-1000	399	6.21	32558	177024	83705	293287	3.23
1001-10000	309	4.81	43030	505141	318631	866802	9.55
10001 and above	25	0.40	0	7011942	212798	7224740	79.57
Total	6420	100	215204	8060703	803253	9079160	100

#### b) Shareholders Profile as on 31st March , 2017

Category	No. of Shareholders	% of shareholders	No. of shares held	% of shareholding
Resident Indians	6053	94.28	19,57,630	21.56
Foreign Collaborator	1	0.02	3900300	42.96
Indian Collaborator	1	0.02	2862220	31.53
Domestic Companies	150	2.34	280389	3.09
Financial Institutions	1	0.02	6066	0.07
NRIs	61	0.95	24888	0.27
Overseas Corporate Bodies	0	0	0	0
Mutual Funds	6	0.09	4239	0.05
Banks	2	0.03	266	0
Clearing Member-NSDL /CDSL	32	0.50	5683	0.06
Employees	113	1.75	37479	0.41
Total	6420	100	9079160	100

- xii) Dematerialisation of Shares : As at 31st March, 2017, there are 8863956 shares, representing 97.63% of equity paid-up share capital in dematerialised form. This includes 8060703 shares (88.78%) in NSDL and 803253 shares (8.85) 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 31.3.2017) - Nil.
- xiv) The Company broadly follows a Policy of hedging for foreign currency receivables of about 60% of the exchange receivables.
- 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:
- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Cameo Corporate Services Ltd,<br/>"Subramanian Building",<br/>1, Club House Road, Chennai-600 002<br/>Tel:044-28460390,<br/>Fax: 044-28460129<br/>Email:cameo@cameoindia.com</li> </ol> | <ol style="list-style-type: none"> <li>2. Nitta Gelatin India Limited,<br/>PB No.4262, 54/1446, SBT Avenue<br/>Panampilly Nagar,<br/>Kochi - 682 036, Kerala<br/>Tel: 0484 -2317805,<br/>Fax : 0484-2310568<br/>Email : investorcell@nittagelindia.com</li> </ol> |
|---|---|

## 10. OTHER DISCLOSURES

- (a) There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries which have/may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions with Related parties are given in the Notes to the Accounts (See Note No. 2.26 of 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://115.111.176.138/nitta/uploads/homecontent/RPT\\_20151216012414.pdf](http://115.111.176.138/nitta/uploads/homecontent/RPT_20151216012414.pdf).
- (b) There were no instances of non-compliance by the company leading to imposition of penalties, strictures by the stock exchange or SEBI or any other statutory authority, on matters related to capital markets during the last three years.
- (c) No personnel of the company has been denied access to the Audit Committee of the company (in respect of matters involving alleged misconduct). The company has provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices. The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined frame work. The Company has adopted measures for airing concerns about unethical behavior, both for the Directors and employees. This has been made part of the machinery of Audit Committee and informed in the official website of the company.

A mention of the same is also made in the report of the Directors.

Pursuant to proviso to Section 177 (10) of the Companies Act, 2013 a 'Vigil mechanism' has been constituted as a part of the function of Audit Committee of Board. The vigil mechanism provides for adequate safeguards against victimization of directors or employees or any other person who avail the mechanism and also provides for direct access to the chairperson of the Audit Committee in appropriate cases. The Committee shall oversee Vigil Mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy.

- (d) All mandatory requirements have been complied with while non-mandatory requirements complied have been reported in Para 12 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://115.111.176.138/nitta/uploads/homecontent/MS\\_20151216012826.pdf](http://115.111.176.138/nitta/uploads/homecontent/MS_20151216012826.pdf).
- (f) The Company does not deal in commodity hedging activities and is therefore free from any risk arising there from.
11. The requirements of Sub paras (2) to (10) of the Corporate Governance Report as above have been complied with during the financial year ended 31.03.2017.
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 31.03.2017 except *that there was inadequate compliance of Regulation 24(3) in as much as minutes of the meetings of the Board of Directors of Reva Proteins Limited and Bamni Proteins Limited (unlisted subsidiaries) were not placed at the meeting of the Board of Directors of the Company on a regular basis.*
14. Designated e-mail id for investor complaints/grievance redressal:  
investorcell@nittagelindia.com

Note:

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

### CEO/CFO Certification:

We Shri Sajiv K Menon, Managing Director and Shri P.S ahasranaman, 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, 2017 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 reporting during the year;
  - (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, 2017.

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 for the financial year ended 31st March, 2017, as per the relevant provisions of Regulation 15(2), Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). 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 all the applicable mandatory conditions of the said Listing Regulations, *except that there was inadequate compliance of Regulation 24(3) in as much as minutes of the meetings of the Board of Directors of Reva Proteins Limited and Bamni Proteins Limited (unlisted subsidiaries) were not placed at the meeting of the Board of Directors of the Company on a regular basis.*

Place: Kochi-25  
Date : 09.05.2017

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of Nitta Gelatin India Limited,  
Kochi

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Nitta Gelatin India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility.

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note no. 2.11.2 to the standalone financial statements which states that in view of the business plans of the subsidiary company, Reva Proteins Limited, which is expected to bring in positive cash flows in the near future, the management is of the opinion that no permanent diminution in value of investments in the subsidiary company is anticipated at this stage and hence no provision is made.

Our opinion is not modified in respect of this matter.

### Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.17.2, Note 2.28.1, Note 2.28.2(1) and Note 2.28.3 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management -Refer Note 2.15.4, to the standalone financial statements

For VARMA & VARMA  
(FRN : 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

Place: Kochi - 19  
Date: 09.05.2017

CHARTERED ACCOUNTANTS  
Membership No. 203094

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2017**

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that fixed assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records of the company examined by us and the confirmation from financial lenders in respect of title deeds/ lease deeds deposited with them and based on the details of land and buildings furnished to us by the company, the title deeds/ lease deeds of immovable properties are held in the name of the Company.
2. We are informed that the physical verification of inventory has been conducted at reasonable intervals by the management having regard to the size of the Company and nature of its business and that no material discrepancies were noticed on such verification.
3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.
4. According to the information and explanations given to us and the records of the company examined by us, the company has complied with the provisions of sections 185 and 186 of the Act in respect of investments and guarantees. The company has not granted any loans or given any security for which the provisions of sections 185 and 186 of the Act are applicable.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.
7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other statutory dues, as applicable to the Company to the appropriate authorities during the year.

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

Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates
Water cess	63.95	25.07.2009 to 31.12.2010 and 2011-12

- b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited under Duty of Customs (the show cause cum demand notice issued by the customs authorities as referred to in Note No 2.28.3 of the standalone financial statements has not been considered as a disputed amount for reporting under this clause, pending adjudication of the notice).

According to the information and explanations given to us the following disputed amounts of income tax, sales tax, service tax, duty of excise and value added tax have not been deposited with the authorities as at March 31, 2017.

<b>Nature of dues</b>	<b>Statute</b>	<b>Amount (Rs in Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where the dispute is pending</b>
Income Tax	Income Tax Act, 1961	85.13 (Net of Rs 11.61 lakhs paid under protest)	2010-11 (AY 2011-12) and 2012-13 (AY 2013-14)	Commissioner of Income Tax (Appeals)
Central Sales Tax	Central Sales Tax Act, 1956	310.49 (Net of Rs 5.11 lakhs paid under protest)	2009-10	Maharashtra Sales Tax Tribunal #
Central Sales Tax	Central Sales Tax Act, 1956	20.12 (Net of Rs 8.62 lakhs paid under protest)	2010-11	Deputy Commissioner of Sales Tax (Appeals)
Central Sales Tax	Central Sales Tax Act, 1956	15.41 (Net of Rs 6.60 lakhs paid under protest)	2011-12	Deputy Commissioner of Sales Tax (Appeals)
Value Added Tax	Kerala Value Added Tax Act, 2003	33.38 (Net of Rs 14.31 lakhs paid under protest)	2010-11	Deputy Commissioner of Sales Tax (Appeals)
Excise duty and penalty	Central Excise Act, 1944	10.42 (Net of Rs 0.36 lakhs paid under protest)	April 2010 to August 2013	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Cenvat credit and penalty	Central Excise Act, 1944	41.91	2010-11 to 2012-13	Commissioner (Appeals) #
Cenvat credit and penalty	Central Excise Act, 1944	14.22 (Net of Rs 0.35 lakhs paid under protest)	2010-11 to 2012-13	Commissioner (Appeals)

# The appeals were filed after 31.03.2017

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to the banks. The company has not taken any loans or borrowings from financial institution and government, or raised any money by way of issue of debenture.
9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the company have been applied for the purpose for which the loans were obtained.
10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the management.
11. According to the information and explanations given to us and the records of the Company examined

- by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.
  13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in Note 2.26 to the standalone financial statements as required by the applicable accounting standard.
  14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the reporting requirements under clause (xiv) of paragraph 3 of the Order are not applicable.
  15. The company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
  16. According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

For VARMA & VARMA  
(FRN : 004532S)

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

Place: Kochi - 19  
Date: 09.05.2017

## **ANNEXURE A REFERRED TO IN PARAGRAPH 2(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2017**

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

We have audited the internal financial controls over financial reporting of Nitta Gelatin India Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

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

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

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

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

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

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

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA  
(FRN : 004532S)

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

Place: Kochi - 19  
Date: 09.05.2017

**NITTA GELATIN INDIA LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2017**

Particulars	Note No.	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.01	248,791,640	248,791,640
b. Reserves and Surplus	2.02	1,470,243,392	1,246,888,599
<b>2 Non-current liabilities</b>			
a. Long-term Borrowings	2.03	96,820,532	124,998,789
b. Deferred Tax Liabilities (Net)	2.04	85,400,000	72,084,000
c. Long-term Provisions	2.05	24,277,410	23,324,066
<b>3 Current Liabilities</b>			
a. Short-term Borrowings	2.06	370,056,555	398,040,676
b. Trade Payables	2.07		
(i) Total outstanding dues of micro enterprises and small enterprises		473,250	189,750
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		181,543,275	230,630,382
c. Other Current Liabilities	2.08	46,490,649	37,014,890
d. Short-term Provisions	2.09	79,575,803	105,162,955
<b>Total</b>		<b>2,603,672,506</b>	<b>2,487,125,747</b>
<b>II. ASSETS</b>			
<b>1 Non-current Assets</b>			
a. Fixed Assets	2.10		
i. Tangible Assets-(Property, Plant and Equipment)		784,739,447	800,201,299
ii. Intangible Assets		1,537,689	2,526,725
iii. Capital Work-in-progress		109,495,639	69,592,173
b. Non-current Investments	2.11	447,913,237	447,913,237
c. Long-term Loans and Advances	2.12	31,575,640	20,994,296
<b>2 Current Assets</b>			
a. Inventories	2.13	632,934,006	606,331,418
b. Trade Receivables	2.14	282,148,174	203,943,754
c. Cash and Cash Equivalents	2.15	101,303,233	195,834,764
d. Short-term Loans and Advances	2.16	87,967,970	47,072,025
e. Other Current Assets	2.17	124,057,471	92,716,056
<b>Total</b>		<b>2,603,672,506</b>	<b>2,487,125,747</b>

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

For and on behalf of the Board of Directors

As per our separate report of even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

PAUL ANTONY IAS  
Chairman  
DIN : 02239492

RAYMOND MERZ  
Director  
DIN : 07498918

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
Director  
DIN : 03483417

SAHASRANAMAN P.  
Chief Financial Officer

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2017

**NITTA GELATIN INDIA LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017**

Particulars	Note No.	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Income</b>			
I. Revenue from operations (gross)	2.18	3,419,078,035	3,708,555,859
Less : Excise duty		116,459,207	122,866,975
Revenue from operations (net)		<b>3,302,618,828</b>	<b>3,585,688,884</b>
II. Other Income	2.19	43,961,156	24,161,754
III. <b>Total Revenue</b>		<b>3,346,579,984</b>	<b>3,609,850,638</b>
<b>IV. Expenses:</b>			
a. Cost of materials consumed	2.20	1,680,923,528	2,000,597,971
b. Purchases of stock-in-trade		-	-
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.21	136,400,708	(26,603,472)
d. Employee benefits expense	2.22	264,674,112	253,297,121
e. Finance costs	2.23	29,234,493	52,607,943
f. Depreciation and amortisation expense	2.10	105,139,624	94,300,563
g. Other expenses	2.24	852,688,639	971,336,939
<b>Total Expenses</b>		<b>3,069,061,104</b>	<b>3,345,537,065</b>
V. <b>Profit before tax (III-IV)</b>		<b>277,518,880</b>	<b>264,313,573</b>
<b>VI. Tax expense:</b>			
a. Current tax		101,397,000	101,144,902
Less: Mat Credit Entitlement		-	(19,800,000)
b. Tax for earlier years		(12,275,220)	4,832,272
c. Deferred tax		13,316,000	11,272,173
VII. <b>Profit for the period (V - VI)</b>		<b>175,081,100</b>	<b>166,864,226</b>
<b>VIII. Earnings per equity share:</b>			
Nominal value of share Rs. 10/- (Rs. 10/-)	2.25		
a. Basic		<b>19.28</b>	<b>17.33</b>
b. Diluted		<b>19.28</b>	<b>16.79</b>

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

For and on behalf of the Board of Directors

As per our separate report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

PAUL ANTONY IAS  
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K. L. KUMAR  
Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2017

**NITTA GELATIN INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017**

	For the Year Ended 31.03.2017 Rupees	For the Year Ended 31.03.2016 Rupees
<b>A. Cash Flows from Operating Activities</b>		
Net Profit before Tax & Extraordinary Items	<b>277,518,880</b>	<b>264,313,573</b>
Adjustments for:		
Depreciation	105,139,624	94,300,563
(Profit)/Loss on sale of fixed assets	14,733,619	186,051
(Profit)/Loss on sale of investments	-	(240,000)
Interest Expenditure	29,234,493	52,607,943
Interest Income	(4,128,196)	(10,614,730)
Dividend Received	(10,920)	(27,300)
Foreign Exchange (Gain)/Loss	(1,689,833)	3,705,959
Provision for Doubtful debts	(180,007)	(2,675,236)
Provision for claims disputed	-	(8,685,427)
	143,098,780	128,557,823
Operating Profit / (Loss) before Working Capital Changes	420,617,660	392,871,396
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(104,506,015)	56,477,798
(Increase)/Decrease in Inventories	(26,602,588)	(66,150,052)
Increase/(Decrease) in Trade/ other payables	(52,008,480)	(39,318,612)
	(183,117,083)	(48,990,866)
<b>Cash generated from Operations</b>	<b>237,500,577</b>	<b>343,880,530</b>
Direct Taxes	(78,805,098)	(54,608,963)
Cash Flow Before Extraordinary Items	158,695,479	289,271,567
Extraordinary Items	-	-
<b>Net Cash from/(used) in Operating Activities</b>	<b>158,695,479</b>	<b>289,271,567</b>

	For the Year Ended 31.03.2017 Rupees	For the Year Ended 31.03.2016 Rupees
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(155,550,571)	(108,364,614)
Sale of Fixed Assets	2,632,585	1,320,923
Investment in shares	-	(125,000,000)
Proceeds from sale of investments	-	480,000
Interest Received	4,195,019	10,139,097
Dividend Received	10,920	27,300
<b>Net Cash from/(used) in Investing Activities</b>	<b>(148,712,047)</b>	<b>(221,397,294)</b>
<b>C. Cash Flows from Financing Activities</b>		
Dividend Paid	(30,549,419)	(9,135,599)
Corporate Dividend Tax	(6,225,763)	(1,848,335)
Increase/(Decrease) in Short Term Borrowings	(18,818,288)	(33,153,791)
Increase/(Decrease) in Long Term Borrowings	(19,919,701)	42,491,991
Proceeds from issue of share capital	-	158,000,040
Interest Paid	(29,001,792)	(44,484,486)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(104,514,963)</b>	<b>111,869,820</b>
<b>Summary</b>		
<b>Net Cash from/(used) in Operating Activities</b>	<b>158,695,479</b>	<b>289,271,567</b>
<b>Net Cash from/(used) in Investing Activities</b>	<b>(148,712,047)</b>	<b>(221,397,294)</b>
<b>Net Cash from/(used) in Financing Activities</b>	<b>(104,514,963)</b>	<b>111,869,820</b>
<b>Net Increase/(Decrease) in Cash Equivalents</b>	<b>(94,531,531)</b>	<b>179,744,093</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>195,834,764</b>	<b>16,090,671</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>101,303,233</b>	<b>195,834,764</b>
	<b>(94,531,531)</b>	<b>179,744,093</b>

**Note:**

- Cash and cash equivalents at the end of the year includes Rs. 10,398,395 ( Rs. 5,796,898 ) held under lien and Rs. 1,613,259 ( Rs 1,581,266 ) deposited in unclaimed dividend account which is earmarked for payment of dividend.

For and on behalf of the Board of Directors

As per our separate report of even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

PAUL ANTONY IAS  
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Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2017

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

### **1. Significant Accounting Policies**

#### **a Basis of Accounting**

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

#### **b Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialized.

#### **c Revenue Recognition**

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

#### **d Tangible Assets (Property, Plant and Equipment)**

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non - refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized 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 of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

#### **e. Intangible Assets**

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### **f. Depreciation/ Amortisation**

- i. Depreciation on Plant and Equipment (other than Service Equipment) is provided on Straight Line Method at the useful lives based on a review by the management at the year-end as under:
  - a. Plant and Machinery of Ossein Division - 8. 40 years
  - b. Plant and Machinery of Gelatin Division - 15 years
  - c. Effluent Treatment Plant at Ossein Division - 5 years
  - d. Effluent Treatment Plant at Gelatin Division - 8.40 years
- ii. Depreciation on Service Equipment and other items of 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.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. Software costs treated as Intangible Assets are amortised over a period of five years.

### **g Investments**

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

### **h 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.

### **i Research & Development**

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

### **j Employee Benefits**

- i. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

- ii. Defined Contribution Plans

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

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)**

### iii. Defined Benefit Plans

Payment of Gratuity to employees is covered by the KCPL Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company make contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

### iv. Long Term Employee Benefits

#### Compensated Absences:

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

### v. Termination Benefits

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

## **k. Expense on Employee Stock Purchase Scheme**

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

## **l Income Tax**

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### **m Foreign Currency Transactions, Forward Contracts and Derivatives**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities other than forward contracts, outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the said date. The exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss.

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

Gain or loss on forward exchange contracts, which are intended to hedge the foreign currency risks of future transactions in respect of which firm commitments are made or which are highly probable forecast transactions are determined by marking such contracts outstanding on Balance Sheet date to market.

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

### **n Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

### **o Grants/ Subsidies**

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

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

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

### **p Earnings per share**

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes and preference dividend, if any) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.

### **q Impairment of Assets**

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)**

recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### **r Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assests are neither recognised nor disclosed in the accounts.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2 Notes on Accounts

#### 2.01 Share Capital:

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Authorised:</b>		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
929,412 (929,412) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each	158,000,040	158,000,040
<b>Issued and Subscribed and fully paid:</b>		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- each	90,791,600	90,791,600
929,412 (929,412) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each ( See Note 2.01.1 )	158,000,040	158,000,040
	<b>248,791,640</b>	<b>248,791,640</b>

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Rupees	Number	Rupees
<b>a) Equity shares</b>				
As at the beginning of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
<b>b) Optionally Convertible Preference shares</b>				
As at the beginning of the financial year	929,412	158,000,040	-	-
Add : Issue of shares during the year	-	-	929,412	158,000,040
As at the end of the financial year	929,412	158,000,040	929,412	158,000,040

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

##### Equity shares

Particulars	As at 31.03.2017		As at 31.03.2016	
	%	No. of Shares	%	No. of Shares
Nitta Gelatin Inc. Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220

##### Optionally Convertible Preference shares

Particulars	As at 31.03.2017		As at 31.03.2016	
	%	No. of Shares	%	No. of Shares
Nitta Gelatin Inc. Japan	100	929,412	100	929,412

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### Terms/ Rights attached to Equity Shares

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

### 2.01.1 Terms/ Rights attached to Preference Shares

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

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

Particulars	As at 31.03.2017	As at 31.03.2016
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

### 2.02 Reserves and Surplus

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Securities Premium Reserve</b>	<b>289,590,000</b>	<b>289,590,000</b>
<b>Capital Investment Subsidy</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Special Export Reserve</b> (under the Income Tax Act, 1961)	<b>7,900,000</b>	<b>7,900,000</b>
<b>General Reserve</b>		
Opening Balance	723,664,400	663,664,400
Add: Transfer from Surplus	60,000,000	60,000,000
<b>Closing Balance</b>	<b>783,664,400</b>	<b>723,664,400</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

<b>Hedge Equalisation Reserve</b>		
Opening Balance	15,102,305	23,478,171
Add: Net gain / ( Loss ) recognised on cash flow hedges	101,883,204	15,456,492
Less: Net gain / ( Loss ) reclassified to Statement of Profit and Loss during the year	53,609,511	23,832,358
<b>Closing Balance</b>	<b>63,375,998</b>	<b>15,102,305</b>
<b>Surplus</b>		
Opening Balance	209,131,894	139,074,843
Net Profit after tax as per Statement of Profit and Loss	175,081,100	166,864,226
<b>Amount available for Appropriation</b>	<b>384,212,994</b>	<b>305,939,069</b>
<i>Less: Appropriations</i>		
Transfer to General Reserve	60,000,000	60,000,000
Proposed Dividend [See Note <b>2.02.1,2.02.2&amp;2.02.3</b> ]	-	30,581,412
Tax on Proposed Dividend	-	6,225,763
<b>Closing Balance</b>	<b>324,212,994</b>	<b>209,131,894</b>
	<b>1,470,243,392</b>	<b>1,246,888,599</b>

**2.02.1** Preference Dividend of Rs 9.18 ( Rs.8.48 ) per share has been proposed @ 5.4029% ( 5.4029%) on the face value of Optionally Convertible Non cumulative Preference Shares by the Board which is subject to approval by the shareholders in the ensuing Annual General Meeting.

**2.02.2** The Board of Directors has proposed an Equity dividend @ Rs.2.50 (Rs 2.50) per share for the financial year ending 31.03.2017 at their meeting held on 9th May 2017, which is subject to approval by the shareholders in the ensuing Annual General Meeting.

**2.02.3** In accordance with the revised Accounting Standard - 4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016) proposed dividend for the year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.

### **2.03 Long Term Borrowings**

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Secured</b>		
Term Loans - from Banks		
From State Bank of India [ See Note <b>2.03.1</b> ]	18,997,224	37,879,342
From Canara Bank [ See Note <b>2.03.2</b> ]	12,823,308	22,119,447
<b>Unsecured</b>		
Loans and advances from Related parties		
From Nitta Gelatin Inc. [ See Note <b>2.03.3</b> ]	65,000.000	65,000.000
	<b>96,820,532</b>	<b>124,998,789</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

**2.03.1** Secured by way of exclusive charge over the fixed assets created with the term loan assistance and collateral security by way of equitable mortgage of land owned by the Company on pari passu basis with other lenders and first charge over the other fixed assets of Company on pari passu basis. The interest rate is LIBOR + 3.75 %.

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

Period	Amount in Foreign Currency (USD)	Amount Rs
From, February 2016 to March 2017	14,583	984,608
From, April 2017 to March 2019	21,874	1,428,363
In April 2019	28,438	1,856,990

**2.03.2** Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly instalments of Rs 2,250,000 starting from December 2014 as per the original terms. During the year 2015-16, the term loans had been converted into foreign currency, based on the same the quarterly installments had been reset to an amount in foreign currency of \$ 33,122 (Rs. 2,162,890) The interest rate is LIBOR + 5.00 %.

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

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

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Term Loans		
From State Bank of India	17,140,466	11,684,142
From Canara Bank	8,651,560	8,846,320
	<b>25,792,026</b>	<b>20,530,462</b>

### 2.04 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>A. Deferred Tax Liability</b>		
On excess of net book value over Income tax written down value of fixed assets	108,293,000	104,606,000
Timing differences on assessment of income	7,472,000	7,472,000
<b>B. Deferred Tax Assets</b>		
On Provisions	10,394,000	10,236,000
On other disallowances	16,774,000	29,758,000
Timing differences on assesment of income	3,197,000	-
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>85,400,000</b>	<b>72,084,000</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.05 Long-term Provisions

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Provision for Employee Benefits [See Note 2.05.1]	24,277,410	23,324,066
	<b>24,277,410</b>	<b>23,324,066</b>

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

#### a. Defined Contribution Plans

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

Particulars	Current Year Rupees	Previous Year Rupees
Employers contribution to Provident Fund	15,878,556	13,781,016
Employers contribution to Employee's State Insurance	297,637	352,204
Employers contribution to Superannuation Fund	5,717,363	3,702,432

#### b. Defined Benefit Plans - Gratuity: Funded Obligation

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	8.00%	8.00%
Expected return on plan assets	8.75%	8.75%
Salary escalation rate*	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (1994-96) Ultimate	LIC (2006-2008) Ultimate

\*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii. Reconciliation of present value of obligation	Current Year Rupees	Previous Year Rupees
Present value of obligation at the beginning of the year	50,387,798	44,734,672
Current Service Cost	3,563,555	3,323,146
Interest Cost	4,173,566	3,537,594
Actuarial (gain)/ loss	(1,336,342)	(178,122)
Benefits Paid	(3,759,919)	(1,029,492)
Present value of obligation at the end of the year	53,028,658	50,387,798

iii. Reconciliation of fair value of plan assets	Current Year Rupees	Previous Year Rupees
Fair value of plan assets at the beginning of the year	51,680,106	41,709,598
Expected return on plan assets	4,134,408	3,954,550
Actuarial gain/ (loss)	(3,413,089)	(954,550)
Contributions to the fund	5,420,213	8,000,000
Contributions towards direct benefit payments	-	-
Benefits paid from fund	(3,759,919)	(1,029,492)
Fair value of plan assets at the end of the year	54,061,719	51,680,106

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

iv. Description of Plan Assets	Current Year Rupees	Previous Year Rupees
Insurer Managed Funds (LIC of India)	54,061,719	51,680,106

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2016-17 Rupees	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees
Present value of obligation at the end of the year	53,028,658	50,387,798	44,734,672	35,756,107	38,885,727
Fair value of plan assets at the end of the year	54,061,719	51,680,106	41,709,598	38,144,915	30,249,051
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	(1,033,061)	(1,292,308)	3,025,074	(2,388,808)	8,636,676

vi. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	3,563,555	3,323,146
Interest Cost	4,173,566	3,537,594
Actuarial (gain)/ loss recognized in the period	2,076,747	776,427
Past Service Cost (if applicable)	-	-
Expected return on plan assets	(4,134,408)	(3,954,550)
Total expenses recognized in the Statement of Profit and Loss for the year	5,679,460	3,682,617
Actual return on plan assets	721,319	3,000,000

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

### c. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	8.00%	8.00%
Salary escalation rate*	5.00%	5.00%
Mortality rate	Indian assured Lives mortality (1994-96) Ultimate table	LIC (2006-2008) Ultimate

\*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

ii. Reconciliation of present value of obligation	Current Year Rupees	Previous Year Rupees
Present value of obligation at the beginning of the year	25,700,091	22,822,389
Current Service Cost	9,446,187	2,014,931
Interest Cost	2,433,856	1,598,607
Actuarial (gain)/ loss	(8,746,803)	3,919,001
Benefits Paid	(4,555,921)	(4,654,837)
Present value of obligation at the end of the year	24,277,410	25,700,091

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2016-17 Rupees	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees
Present value of obligation at the end of the year	24,277,410	25,700,091	22,822,389	18,108,478	20,603,718
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	24,277,410	25,700,091	22,822,389	18,108,478	20,603,718

iv. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	9,446,187	2,014,931
Interest Cost	2,433,856	1,598,607
Actuarial (gain)/ loss recognized in the period	(8,746,803)	3,919,001
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	3,133,240	7,532,539

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

### 2.06 Short-term Borrowings

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Working Capital Loan from Banks (Secured) (See Note 2.06.1)	370,056,555	398,040,676
	<b>370,056,555</b>	<b>398,040,676</b>

**2.06.1** Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future and by way of pari passu charge on the fixed assets of the Company. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs NIL (Rs 14,333,382) which is repayable within a period of 70 days to 90 days from the date of avilment as per terms.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.07 Trade Payables

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
(i) Total outstanding dues of micro enterprises and small enterprises	473,250	189,750
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	181,543,275	230,630,382
	<b>182,016,525</b>	<b>230,820,132</b>

**2.07.1** The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at the year end, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 473,250 (Rs. 189,750) has been included under Trade Payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

### 2.08 Other Current Liabilities

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Current maturities of long term borrowings (See Note <b>2.03.1</b> and <b>2.03.2</b> )	25,792,026	20,530,462
Unpaid Dividend	1,613,259	1,581,266
Interest accrued and due on borrowings	162,271	197,706
Interest accrued but not due on borrowings	351,929	83,793
Other Payables -		
- Statutory Dues	7,333,121	6,345,501
- Advance from Customers	1,701,909	254,625
- Creditors for Capital Goods	7,824,935	6,252,579
- Other Recoveries Payable	1,711,199	1,768,958
	<b>46,490,649</b>	<b>37,014,890</b>

### 2.09 Short-term Provisions

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Provision for employee benefits [See Note <b>2.05.1</b> ]	-	2,376,025
Others		
- Proposed Dividend	-	30,581,412
- Corporate Dividend Tax	-	6,225,763
- Excise Duty	13,229,289	11,050,417
- Entry Tax	1,100,494	-
- Sales Tax	2,874,385	2,874,385
- Water Cess	6,183,200	6,183,200
- Income Tax (net)	56,188,435	45,871,753
	<b>79,575,803</b>	<b>105,162,955</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017 (CONTD.)  
NOTE NO. 2.10 - FIXED ASSETS AND CAPITAL WORK IN PROGRESS**

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT			NET BLOCK		
	As at 01-04-2016	Additions	Disposals/ Adjustments	As at 31-03-2017	As at 01-04-2016	For the year	Disposal/ Adjustments	As at 31-03-2017	As at 31-03-2016
<b>FIXED ASSETS:</b>									
<b>(A) Tangible Assets (Property, Plant &amp; Equipment)</b>									
Land and Development	44,070,945 (44,070,945)	-	-	44,070,945 (44,070,945)	-	-	-	44,070,945 (44,070,945)	44,070,945 (44,070,945)
Leasehold Land	26,148,286 (26,148,286)	-	-	26,148,286 (26,148,286)	4,957,786 (4,667,540)	290,246 (290,246)	-	20,900,254 (21,190,500)	21,190,500 (21,480,746)
Buildings	331,242,989 (322,458,276)	10,392,912 (8,784,713)	2,914,147	338,721,754 (331,242,989)	202,766,778 (188,743,357)	12,690,895 (14,023,421)	862,855	124,126,936 (128,476,211)	128,476,211 (133,714,919)
Plant & Equipment [See Note 2.10.1]	1,654,706,035 (1,555,963,630)	89,567,813 (108,842,429)	37,628,929 (10,100,024)	1,706,644,919 (1,654,706,035)	1,057,323,576 (991,472,592)	87,269,464 (74,741,244)	23,144,032 (8,890,260)	1,121,449,008 (1,057,323,576)	585,195,911 (597,382,459)
Office Equipments	20,434,546 (19,706,814)	2,250,000 (2,025,963)	2,752,567 (1,298,231)	19,931,979 (20,434,546)	16,989,660 (16,429,098)	2,006,048 (1,793,881)	2,632,407 (1,233,319)	16,363,301 (16,989,660)	3,444,886 (3,277,716)
Furniture & Fixtures	8,929,604 (8,758,233)	436,559 (191,001)	67,736 (19,630)	9,298,427 (8,929,604)	7,824,430 (7,359,670)	517,543 (483,511)	64,350 (18,751)	8,277,623 (7,824,430)	1,020,804 (1,105,174)
Vehicles	9,644,155 (6,895,058)	4,085,838 (4,661,895)	6,006,982 (1,912,798)	7,723,011 (9,644,155)	5,113,031 (4,927,498)	1,377,571 (1,866,912)	4,623,510 (1,681,379)	5,855,919 (4,531,124)	4,531,124 (1,967,560)
<b>Total Tangible Assets</b>	<b>2,095,176,560</b>	<b>106,733,122</b>	<b>49,370,361</b>	<b>2,152,539,321</b>	<b>1,294,975,261</b>	<b>104,151,767</b>	<b>31,327,154</b>	<b>1,367,799,874</b>	<b>800,201,299</b>
<b>Previous Year</b>	<b>1,984,001,242</b>	<b>124,506,001</b>	<b>13,330,683</b>	<b>2,095,176,560</b>	<b>1,213,599,755</b>	<b>93,199,215</b>	<b>11,823,709</b>	<b>1,294,975,261</b>	<b>770,401,487</b>
<b>(B) Intangible Assets</b>									
Software	16,985,674 (15,662,825)	- (1,322,849)	23,596	16,962,078 (16,985,674)	14,458,949 (13,357,601)	987,857 (1,101,348)	22,417	15,424,389 (14,458,949)	2,526,725 (2,305,224)
<b>Total Assets (A+B)</b>	<b>2,112,162,234</b>	<b>106,733,122</b>	<b>49,393,957</b>	<b>2,169,501,399</b>	<b>1,309,434,210</b>	<b>105,139,624</b>	<b>31,349,571</b>	<b>1,383,224,263</b>	<b>802,728,024</b>
<b>Previous Year</b>	<b>1,999,664,067</b>	<b>125,828,850</b>	<b>13,330,683</b>	<b>2,112,162,234</b>	<b>1,226,957,356</b>	<b>94,300,563</b>	<b>11,823,709</b>	<b>1,309,434,210</b>	<b>772,706,711</b>

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT			NET BLOCK	
	As at 01-04-2016	Additions	Disposals/ Adjust- ments	As at 31-03-2017	For the year	Disposal/ Adjustments	As at 31-03-2017	As at 31-03-2016
<b>CAPITAL WORK IN PROGRESS:</b>								
Building and Plant under construction	650,268 (2,913,299)	6,023,762 (517,519)	517,519 (2,780,550)	6,156,511 (650,268)			6,156,511 (650,268)	650,268 (2,913,299)
Plant, Machinery and Equipment under installation	68,941,905 (81,114,138)	99,370,218 (42,456,714)	64,972,995 (54,628,947)	103,339,128 (68,941,905)			103,339,128 (68,941,905)	68,941,905 (81,114,138)
<b>Total</b>	<b>69,592,173</b>	<b>105,395,980</b>	<b>65,490,514</b>	<b>109,495,639</b>			<b>109,495,639</b>	<b>69,592,173</b>
<b>Previous Year</b>	<b>84,027,437</b>	<b>42,974,233</b>	<b>57,409,497</b>	<b>69,592,173</b>			<b>69,592,173</b>	<b>84,027,437</b>

**2.10.1** Additions to Plant and Equipment include Reserves and Development assets of Rs. 1,608,211 (Rs. 1,677,585) purchased during the year and transfer from Capital Work-in-Progress of Rs. Nil (Rs. 33,091,003).

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.11 Non-current Investments

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Investment in Equity Instruments (at Cost) - Long term</b>		
<b>Quoted ( Non Trade):</b>		
a. 4200 (4200) Equity Shares of Rs.1/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
<b>Aggregate amount of quoted investments (A)</b>	<b>149,800</b>	<b>149,800</b>
Aggregate Market Value: Rs 1,107,797 (Rs. 818,520)		
<b>Unquoted (Trade):</b>		
<b>a. In Subsidiary Companies ( See Note 2.11.2):</b>		
3,500,000 (3,500,000) fully paid up Equity Shares of Rs.10/- each in Bamni Proteins Limited	35,000,437	35,000,437
14,060,520 ( 14,060,520 ) fully paid up Equity Shares of Rs.10/- each in Reva Proteins Limited	284,013,000	284,013,000
<b>b. In Associate Company:</b>		
288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited [See Note 2.11.1]	-	2,880,000
<i>Less: Provision for diminution in value of investments</i>	-	(2,880,000)
<b>c. Others:</b>		
60,000 (60,000) fully paid up Equity Shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
<i>Less: Provision for diminution in value of investments</i>	(500,000)	(500,000)
<b>Aggregate amount of unquoted investments (B)</b>	<b>322,763,437</b>	<b>322,763,437</b>
Investment in Preference shares (at Cost) - Long term		
Unquoted (Trade):		
<b>a. In Subsidiary Companies ( See Note 2.11.2):</b>		
12,500,000 ( 12,500,000 ) 6 % fully paid up Optionally Convertible Non cumulative Preference shares of Rs.10/- each in Reva Proteins Limited ( See Note 2.11.3 )	125,000,000	125,000,000
<b>Aggregate amount of unquoted investments (C)</b>	<b>125,000,000</b>	<b>125,000,000</b>
Aggregate provision for diminution in value of investments Rs. 500,000 (Rs. 3,380,000)		
<b>Total Investments ( A + B+ C )</b>	<b>447,913,237</b>	<b>447,913,237</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

**2.11.1** During the current year, the company has written off the book value of investments in the associate company M/s K. K. Organics Private Limited by adjusting the value of investment in full against the provision made in an earlier year towards permanent diminution in the value of investments made in the said company.

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

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

### 2.12 Long-term Loans and Advances

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Unsecured (Considered Good)</b>		
Capital Advance	18,756,083	8,269,744
Others		
- Loan to employees	408,242	618,418
- Deposits	12,411,315	12,106,134
<b>Unsecured (Considered Doubtful)</b>		
Sales Tax Deposit	-	1,100,494
<i>Less: Provision for doubtful deposits</i>	-	<i>1,100,494</i>
	-	-
	<b>31,575,640</b>	<b>20,994,296</b>

### 2.13 Inventories

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Raw Materials	226,523,257	143,576,734
Raw Materials in transit	19,615,776	-
Work-in-progress	173,990,537	241,351,097
Finished Goods	91,474,415	160,514,563
Stores & Spares	114,491,101	54,177,326
Others - Packing Materials	6,838,920	6,711,698
	<b>632,934,006</b>	<b>606,331,418</b>

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.14 Trade Receivables

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	789,304	578,059
Unsecured, Considered Doubtful	3,214,853	3,394,860
	4,004,157	3,972,919
Less: Provision for Doubtful Debts	3,214,853	3,394,860
	789,304	578,059
Others (Unsecured, Considered Good)	281,358,870	203,365,695
	<b>282,148,174</b>	<b>203,943,754</b>

### 2.15 Cash and Cash Equivalents

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Balance with Banks		
In Current Accounts	32,392,203	6,845,483
In Deposit Accounts	68,696,713	188,146,410
Cash on hand	214,317	842,871
	<b>101,303,233</b>	<b>195,834,764</b>

**2.15.1** Balance with banks in Current Accounts include earmarked balances for unpaid dividend of Rs. 1,613,259 (Rs. 1,581,266) and debit balances in overdraft account amounting to Rs.183,922 (Rs. 972,987).

**2.15.2** Balance with banks in Deposit Accounts include Rs.9,186,963 (Rs. 5,239,761) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit and Rs. 58,298,318 ( Rs 1,82,349,512 ) being other short term deposits with a maturity period of less than 12 months.

**2.15.3** Balance with banks in Deposit Accounts include Rs. 1,211,432 (Rs. 557,137 ) with a maturity period beyond 12 months, which are held as security against Letter of Credits/ Guarantee.

**2.15.4** Specified Bank Notes (SBN) transacted during the period 08th November 2016 to 30th December 2016.

Particulars	SBN	Other Denomina- tion notes	Total
<b>Closing Cash in hand as on 08.11.2016</b>	282,500	212,366	494,866
(+) Permitted receipts	-	2,383,202	2,383,202
(-) Permitted Payments	-	2,133,684	2,133,684
(-) Amount deposited in banks	282,500	147	282,647
Closing cash in hand as on 30.12.2016	-	461,737	461,737

**Note:** The above disclosures do not include direct remittances made by customers into the Bank Account of the Company Rs. 194,556 (SBN - Rs. 59,000 and other denomination notes Rs. 135, 556).

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>(Unsecured, Considered Good)</b>		
Advance to Related Parties:		
- To Subsidiary Company [See Note 2.16.1]	42,377,751	-
Others:		
- Advances recoverable in cash or in kind or for value to be received.	35,069,132	40,986,491
- Loan to employees	222,711	307,387
- Deposits	623,475	667,902
- Balances with Central Excise, Customs etc.	9,674,901	5,110,245
	<b>87,967,970</b>	<b>47,072,025</b>

**2.16.1** Advance to Subsidiary company Reva Proteins Limited represents trade advance for purchase of materials made in the ordinary course of business.

### 2.17 Other Current Assets

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Interest Receivable	945,256	1,012,079
Assets held for disposal [ See Note 2.17.1 ]	12,271,364	12,271,364
Export Incentive [ See Note 2.17.2 ]	64,660,537	55,610,805
<i>Less: Provision for Claims Disputed</i>	<i>(17,776,195)</i>	<i>(17,776,195)</i>
	46,884,342	37,834,610
Claims recoverable - Reva Proteins Ltd, Subsidiary Company	-	10,529,864
Forward contract receivables (Marked to market Gain)	54,210,115	24,234,055
Others	9,746,394	6,834,084
	<b>124,057,471</b>	<b>92,716,056</b>

**2.17.1** Assets held for disposal represents cost of plant and machinery proposed to be sold by the company. Steps are being taken to dispose the said assets at the earliest and hence continued to be classified as current assets.

**2.17.2** Export incentives receivable includes:

- a) Claim for duty drawback on furnace oil consumed relating to earlier years amounting to Rs 6,461,789 (Rs 6,461,789) has been decided against the company by the division bench of the Hon High Court of Kerala during an earlier year. The company has sought further appeal before Hon 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.
- b) Claims amounting to Rs 20,818,015 (Rs 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 Rs 4,151,031 (Rs 4,151,031) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback claim for the relevant period as a matter of abundant caution.

### 2.18 Revenue from operations

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b><u>Sale of Products</u></b>		
Gross Sales	3,341,995,184	3,609,374,263
<b><u>Other Operating Revenues</u></b>		
Miscellaneous Sales	14,089,911	32,793,116
Export Incentive [See Note <b>2.17.2</b> ]	25,324,160	39,636,693
Other Miscellaneous Income	37,668,780	26,751,787
	77,082,851	99,181,596
	<b>3,419,078,035</b>	<b>3,708,555,859</b>
<i>Less: Excise Duty collected on domestic sales</i>	<i>116,459,207</i>	<i>122,866,975</i>
	<b>3,302,618,828</b>	<b>3,585,688,884</b>

### 2.19 Other Income

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Interest Income	4,128,196	10,614,730
Dividend Income from Non Current Investments	10,920	27,300
Foreign Exchange Rate Variation (net)	39,632,440	13,129,724
Net gain on sale of investments	-	240,000
Other non operating Income	189,600	150,000
	<b>43,961,156</b>	<b>24,161,754</b>

### 2.20 Cost of materials consumed

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Opening Stock	143,576,734	100,392,588
Add: Purchases	1,783,485,827	2,043,782,117
	<b>1,927,062,561</b>	<b>2,144,174,705</b>
<i>Less: Closing Stock</i>	<i>246,139,033</i>	<i>143,576,734</i>
	<b>1,680,923,528</b>	<b>2,000,597,971</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

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

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Closing Stock</b>		
Finished Goods	91,474,415	160,514,563
Work-in-progress	173,990,537	241,351,097
	<b>265,464,952</b>	<b>401,865,660</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	160,514,563	119,831,319
Work-in-progress	241,351,097	255,430,869
	<b>401,865,660</b>	<b>375,262,188</b>
	<b>(136,400,708)</b>	<b>26,603,472</b>

### 2.22 Employee benefits expense

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Salaries & Wages	202,727,096	201,696,616
Contribution to Provident and Other Funds	27,581,326	21,481,516
Workmen and Staff Welfare Expenses	34,365,690	30,118,989
	<b>264,674,112</b>	<b>253,297,121</b>

### 2.23 Finance costs

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Interest Expense	29,234,493	52,607,943
	<b>29,234,493</b>	<b>52,607,943</b>

### 2.24 Other Expenses

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Conversion charges	136,677,486	204,151,075
Consumption of Stores, Spares & Consumables	46,572,191	53,399,856
Packing materials Consumed	28,811,730	34,711,448
Research & Development Expenditure [See Note 2.24.1]	7,763,819	7,545,358
Power, Fuel, Water & Gas	288,145,156	313,910,704
Repairs		
- Building	17,860,185	16,536,512
- Plant & Machinery	66,221,626	84,246,092
- Others	32,679,003	31,630,709
Loading, Transportation and Other charges on products	69,417,047	53,028,123
Freight on Exports	14,535,026	15,546,133
Insurance	6,924,484	7,050,356

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Rent	3,347,456	1,834,425
Rates & Taxes	11,075,335	11,076,751
Postage & Telephone	4,020,090	3,710,281
Printing & Stationery	1,998,302	1,663,431
Travelling & Conveyance	22,811,439	24,857,385
Director's sitting fee	743,316	666,000
Payments to the Auditor [See Note 2.24.2]	1,768,277	1,682,420
Advertisement & Publicity	2,274,147	2,441,012
Discount & Commission on Sales	11,091,568	18,007,743
Professional & Consultancy charges	26,598,429	31,207,133
Bank Charges	5,990,514	5,387,680
Miscellaneous Expenses	28,486,118	44,912,711
Expenses on Corporate Social Responsibility activities [ See Note 2.24.3 ]	2,142,276	1,947,550
Loss on assets sold / written off (net)	14,733,619	186,051
	<b>852,688,639</b>	<b>971,336,939</b>

### 2.24.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Revenue Expenditure</b>		
Salary & Allowances	2,610,893	3,986,172
Other Expenses	5,152,926	3,559,186
	<b>7,763,819</b>	<b>7,545,358</b>

### 2.24.2 Payments to the auditor

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
a. Statutory Audit Fees	800,000	735,000
b. Other Services		
- Taxation Matters (Including Tax Audit)	491,767	486,925
- Others	420,726	411,515
- Reimbursement of Expenses	55,784	48,980
	<b>1,768,277</b>	<b>1,682,420</b>

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

- a. Gross amount required to be spent by the company during the year Rs.1,943,202  
(Rs.1,923,004)
- b. Amount spent during the year on:
  - i. Construction/acquisition of any asset Rs. Nil (Nil)
  - ii. On purposes other than (i) above Rs. 2,142,276 (Rs 1,947,550)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.25 a) Earnings per equity share- Basic

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Net Profit after taxation	175,081,100	166,864,226
Less : Preference dividend and tax thereon	-	9,488,437
Net Profit available for equity shareholders	175,081,100	157,375,789
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Basic	9,079,160	9,079,160
<b>Earnings per share - Basic</b>	<b>19.28</b>	<b>17.33</b>

### b) Earnings per equity share - Diluted

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Net Profit after taxation	175,081,100	166,864,226
Net Profit available for equity shareholders	175,081,100	166,864,226
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up)	9,079,160	9,079,160
Weighted average number of Diluted potential equity Shares of Rs. 10/- each upon conversion of Optionally Convertible Preference Shares	-	860,849
	9,079,160	9,940,009
<b>Earnings per share - Diluted</b>	<b>19.28</b>	<b>16.79</b>

### 2.26 Disclosure of transactions with Related Parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

#### A. Related parties and nature of relationship

i.	Nitta Gelatin Inc.	-	Enterprise having substantial interest in the Company
ii.	Nitta Gelatin NA Inc.	-	Subsidiary of Nitta Gelatin Inc
iii.	Nitta Gelatin Canada Inc.	-	Subsidiary of Nitta Gelatin Inc
iv.	Bamni Proteins Limited	-	Subsidiary Company
v.	Reva Proteins Limited	-	Subsidiary Company
vi.	K K Organics Private Limited	-	Associate Company
vii.	K. T. Chandy Seiichi Nitta Foundation	-	Trust controlled by the Company
viii.	Key Managerial Personnel		
	Mr Sajiv K. Menon	-	Managing Director ( w.e.f. 01.04.2014 )
	Mr. Takeo Yamaki	-	Whole Time Director (w.e.f. 11.07.2014)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)**

**B. Description of Transactions**

**(Amount in Rupees)**

<b>Nature of Transaction</b>	<b>Subsidiary Company/ Associate Company/Trust controlled by the Company</b>	<b>Enterprise having substantial interest in the Company and its Subsidiaries</b>	<b>Key Management Personnel</b>	<b>Total</b>
<b>Sale and Income</b>				
1 Sale of Goods:				
Nitta Gelatin Inc		934,900,116 (1,146,446,715)		934,900,116 (1,146,446,715)
Nitta Gelatin NA Inc		562,850,864 (536,573,926)		562,850,864 (536,573,926)
Reva Proteins Ltd	19,347,765 (-)			19,347,765 (-)
2 Sale of packing materials and spares:				
Bamni Proteins Ltd	190,942 (-)			190,942 (-)
3 Expenses recovered :				
Bamni Proteins Ltd	689,882 (791,445)			689,882 (791,445)
Reva Proteins Ltd	3,453,565 (3,448,224)			3,453,565 (3,448,224)
4 Commission on sales				
Nitta Gelatin Inc		1,494,645 (1,610,325)		1,494,645 (1,610,325)
Nitta Gelatin Canada		- (9,076)		- (9,076)
5 GSP duty refund received on exports to related party refunded by them				
Nitta Gelatin NA Inc		1,616,052 (24,856,306)		1,616,052 (24,856,306)
6 Rebate expense no longer payable written back				
Nitta Gelatin Inc		- (5,959,288)		- (5,959,288)
Nitta Gelatin NA Inc.		- (1,715,386)		- (1,715,386)
7 Interest income on Trade advance				
Reva Proteins Ltd	- (3,935,104)			- (3,935,104)
8 Capsule consulting fee no longer payable written back				
Nitta Gelatin Inc		- (2,174,955)		- (2,174,955)
9 Guarantee commission recovered				
Reva Proteins Ltd	313,499 (285,156)			313,499 (285,156)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

(Amount in Rupees)

Nature of Transaction	Subsidiary Com- pany/ Associate Company/Trust controlled by the Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
10 Support Fee for service rendered recovered Reva Proteins Ltd	1,353,600 (-)			1,353,600 (-)
<b>Purchase and Expenses</b>				
1 Purchase of Goods: Nitta Gelatin Inc		-		-
		(378,256)		(378,256)
Reva Proteins Ltd	146,447,048 (-)			146,447,048
2 Commission expense: Nitta Gelatin Inc				
- For Sale of Gelatin		1,042,796 (296,745)		1,042,796 (296,745)
- For Sale of Peptide		451,849 (523,971)		451,849 (523,971)
3 Commission income of earlier year written off Nitta Gelatin Inc				
- For Sale of Gelatin		-		-
		(3,239,000)		(3,239,000)
4 Rent paid : Bamni Proteins Ltd	120,000 (120,000)			120,000 (120,000)
5 Conversion charges: Bamni Proteins Limited	134,787,664 (139,130,985)			134,787,664 (139,130,985)
Reva Proteins Limited	1,889,822 (65,020,090)			1,889,822 (65,020,090)
6 Rebate/ Discount expense: Nitta Gelatin Inc		3,820,724 (7,512,698)		3,820,724 (7,512,698)
Nitta Gelatin NA Inc		872,090 (1,072,048)		872,090 (1,072,048)
7 Technical Assistance Fee: Nitta Gelatin Inc		1,802,911 (1,876,612)		1,802,911 (1,876,612)
8 Interest expense on External Commercial Borrowings Nitta Gelatin Inc		3,971,017 (83,793)		3,971,017 (83,793)
9 Reimbursement of Expenses (Net): Nitta Gelatin Inc		482,640 (1,042,594)		482,640 (1,042,594)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

(Amount in Rupees)

Nature of Transaction	Subsidiary Com- pany/ Associate Company/Trust controlled by the Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
Reva Proteins Limited	1,617,126			1,617,126
	(6,912,393)			(6,912,393)
Bamni Proteins Limited	5,114,331			5,114,331
	(6,391,953)			(6,391,953)
10 Donations/Corporate Social Responsibility contribution K.T.Chandy Seiichi Nitta Founda- tion ( See Note <b>2.24.3</b> )	1,014,886			1,014,886
	(858,550)			(858,550)
11 Remuneration to Managing Director			13,159,438	13,159,438
			(12,051,094)	(12,051,094)
12 Remuneration to Whole Time Director			3,404,655	3,404,655
			(2,522,767)	(2,522,767)
<b>Investments made</b>				
Reva Proteins Limited	-			-
	(125,000,000)			(125,000,000)
<b>Loans taken</b>				
Nitta Gelatin Inc		-		-
		(65,000,000)		(65,000,000)
<b>Refundable deposit given</b>				
- Reva Proteins Limited	-			-
	(200,000)			(200,000)
<b>Refundable deposit recovered</b>				
- Reva Proteins Limited	200,000			200,000
	(200,000)			(200,000)
<b>Guarantees Given</b>				
Reva Proteins Limited	30,000,000			30,000,000
( See Note <b>2.26.1</b> )	(12,500,000)			(12,500,000)
<b>Dividend Paid on Equity shares</b>				
Nitta Gelatin Inc		9,750,750		9,750,750
		(3,900,300)		(3,900,300)
<b>Dividend Paid on Preference shares ( proposed )</b>				
Nitta Gelatin Inc		-		-
		(7,883,512)		(7,883,512)
<b>Balances as at 31.03.2017</b>				
<b>Guarantees given</b>				
Reva Proteins Limited	242,500,000			242,500,000
	(212,500,000)			(212,500,000)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

(Amount in Rupees)

Nature of Transaction	Subsidiary Com- pany/ Associate Company/Trust controlled by the Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<b>Investments</b>				
1 Reva Protiens Limited	409,013,000 (409,013,000)			409,013,000 (409,013,000)
2 Bamni Protiens Limited	35,000,437 (35,000,437)			35,000,437 (35,000,437)
3 K.K. Organics Private Limited [See note <b>2.11.01</b> ]	- (2,880,000)			- (2,880,000)
* Provision created for loss in invest- metns Rs. Nil (Rs. 2,880,000)				
<b>Receivables</b>				
1 Nitta Gelatin Inc		28,409,290 (33,717,206)		28,409,290 (33,717,206)
2 Nitta Gelatin NA Inc		11,270,364 (22,524,247)		11,270,364 (22,524,247)
3 Reva Proteins Limited				
-Trade Advance	42,377,751 (-)			42,377,751 (-)
-Claims Recoverable	- (10,529,864)			- (10,529,864)
-Refundable deposit for Director nomination	- (200,000)			- (200,000)
<b>Payables</b>				
1 Reva Proteins Ltd	- (5,658,376)			- (5,658,376)
2 Bamni Proteins Ltd	19,074,150 (18,466,307)			19,074,150 (18,466,307)
3 Nitta Gelatin Inc				
-Term loan		65,000,000 (65,000,000)		65,000,000 (65,000,000)
-Other payables		8,439,297 (10,340,167)		8,439,297 (10,340,167)
4 Nitta Gelatin NA Inc				
-Other payables		457,034 (472,732)		457,034 (472,732)

**2.26.1** Represents guarantees given in respect of loans taken by Reva Proteins Limited from banks/ financial institutions. During the year the company has given guarantee for loan taken by Reva Proteins Limited amounting to Rs 30,000,000 ( Rs 12,500,000 ) in compliance with Sec 186 of the Companies Act, 2013.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.27 Segment Information

The company is engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and Collagen Peptide, which form broadly part of one product group and hence constitute a single business segment. However, based on geographical factors, reportable geographic segments have been identified as export sales and domestic sales. The segment wise information pertaining to the reportable geographical segments as above is as follows:

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,675,427,920	1,550,108,057	3,225,535,977
	(1,792,169,705)	(1,694,337,583)	(3,486,507,288)
Segment Result	426,213,233	148,157,937	574,371,170
	(408,908,410)	(201,693,746)	(610,602,156)
Unallocated Expenditure (Net)			267,617,797
			(293,680,640)
Interest Expense			29,234,493
			(52,607,943)
Profit before Taxation			277,518,880
			(264,313,573)

Capital employed as also assets and liabilities of the company are not capable of being stated separately segment wise since all the assets and liabilities are held under composite undertaking for both the geographic segments.

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

#### 2.28.1 Provisions

Nature of Provision	Balance as at 01.04.2016	Additional Pro- vision during the year	Amounts used/ changed dur- ing the year	Unused amounts reversed	Balance as at 31.03.2017
Provision for Central Excise Duty. [See Note <b>2.28.1(i)</b> ]	11,050,417	2,178,872	-	-	13,229,289
	(10,393,020)	(657,397)	-	-	(11,050,417)
Provision for Central Sales Tax [See Note <b>2.28.1(ii)</b> ]	2,874,385	-	-	-	2,874,385
	-	(2,874,385)	-	-	(2,874,385)
Provision for Water Cess [See Note <b>2.28.2(iv)</b> ]	6,183,200	-	-	-	6,183,200
	(6,183,200)	-	-	-	(6,183,200)
Provision for Entry Tax [See Note <b>2.28.1(iii)</b> ]	-	1,100,494	-	-	1,100,494
	-	-	-	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

**2.28.1(i)** Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 35,074,543 (Rs. 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 Rs.13,229,289 (Rs 11,050,417) as a matter of abundant caution and the balance amount of Rs. 21,845,254 ( Rs 24,024,126) has been disclosed as a contingent liability.

**2.28.1(ii)** The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to Rs 2,874,385 (Rs 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.

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

### 2.28.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note <b>2.28.2(i)</b> ]	27,798,822	34,783,675
b. Value Added Tax/ CST [See Note <b>2.28.2(ii)</b> ]	34,888,363	43,745,239
c. Excise Duty [See Note <b>2.28.1(i)</b> and <b>2.28.2(iii)</b> ]	29,269,900	29,238,581
d. Water Cess [See Note <b>2.28.2(iv)</b> ]	65,301,200	65,301,200
2. Foreign Bills Discounted	242,527,831	169,247,046
3. Domestic Bills Discounted	-	10,417,520
4. Counter Guarantee issued in favour of bankers	10,840,610	5,961,540
5. Corporate guarantee issued in favour of Subsidiary Company		
a. Reva Proteins Limited. - Amount outstanding	150,631,271	131,241,629
[ Amount of Guarantee - Rs 242,500,000 ( Rs 212,500,000 ) ]		
<b>Total</b>	<b>561,257,997</b>	<b>489,936,430</b>

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

**2.28.2(ii)** The Value Added tax/CST authorities had raised demands on assessment for some earlier years amounting to Rs.34,888,363 (Rs.43,745,239) (net of bank guarantees amounting to Rs. 4,879,070( Nil) included in 2.28.2 (4) above), 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.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

**2.28.2(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 Rs.6,729,274 (Rs 3,480,352) which have been disputed by the company before the appellate authorities; and show cause notices received from such authorities for service tax on certain deemed services and ineligible cenvat credit availed aggregating to Rs.695,372 (Rs 1,734,103), 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.

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

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

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

**2.28.3** 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. As per legal advice, the proposal of the department is legally incorrect and the matter has not reached finality as the notice is pending adjudication, in view of which there is no contingent liability.

**2.29** Estimated amount of contracts remaining to be executed on capital account - Rs. 26,007,513 (Rs.49,233,558).

**2.30** a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs. 1,690,000 (Rs. 1,730,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

b. In respect of Raw materials imported at concessional rate of duty under the Advance Authorisation Scheme, the Company has an export obligation of approximately Rs. 190,500,000 (Rs.251,710,000) which is required to be fulfilled at different dates until 2016. The Company has applied to the Directorate General of Foreign Trade for extension of export obligation period as per provisions, which is however pending at this stage. In the event of non fulfillment of the export obligation/non extension of period, the Company may be liable for the Customs duties and penalties as applicable.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

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

**2.32** The financial risks arising to the company include foreign exchange risk. As a part of company's risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts, foreign currency packing credit and buyers credit designated as cash flow hedges. The fair value of derivative contract is determined based on mark to market price, i.e., the price that would be paid / received to transfer a liability / asset as at the reporting date.

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Foreign Currency	Fair Value Rupees	Foreign Currency	Fair Value Rupees
Export transactions:				
a) Forward contracts (USD)	12,000,000	790,096,250	16,300,000	1,107,916,338
b) Foreign currency packing credit and buyers credit:				
USD	5,660,712	369,644,503	5,827,547	389,105,323
EURO	-	-	79,503	6,024,734

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivables	-	-	-	-

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

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	Foreign Currency	Rupees	Foreign Currency	Rupees
<b>Receivables</b>				
USD	809,864	52,155,267	1,011,197	66,607,550
EURO	173,000	11,838,390	172,000	12,745,200
<b>Payables</b>				
USD	176,660	11,535,903	202,958	13,551,535
EURO	6,050	423,681	16,958	1,287,351
Japanese YEN	2,741,730	1,620,467	2,741,730	1,605,543

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.33 Turnover and Opening and Closing stock

Particulars	Sales Rupees	Closing Inventory		Opening Inventory	
		Rupees		Rupees	
		Finished Goods	Work in progress	Finished Goods	Work in progress
Ossein	507,906,708 (656,605,923)	38,282,523 (81,109,903)	-	81,109,903 (46,648,719)	-
Dicalcium Phosphate	523,767,079 (577,848,522)	2,741,192 (3,706,576)	-	3,706,576 (3,597,297)	-
Gelatin	1,964,977,217 (1,912,164,523)	11,507,137 (30,579,465)	157,792,442 (218,076,316)	30,579,465 (22,100,602)	218,076,316 (234,421,184)
Collagen Peptide	168,375,822 (194,374,247)	17,105,721 (28,299,882)	-	28,299,882 (40,363,284)	-
Others	60,509,151 (145,514,073)	21,837,842 (16,818,737)	16,198,095 (23,274,781)	16,818,737 (7,121,417)	23,274,781 (21,009,685)
	<b>3,225,535,977</b> <b>(3,486,507,288)</b>	<b>91,474,415</b> <b>(160,514,563)</b>	<b>173,990,537</b> <b>(241,351,097)</b>	<b>160,514,563</b> <b>(119,831,319)</b>	<b>241,351,097</b> <b>(255,430,869)</b>

### 2.34 Particulars of raw materials consumed during the year

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Value (Rs.)	Value (Rs.)
Crushed Bone	1,182,236,588	1,614,010,819
Ossein	35,772,254	12,368,062
Hydrochloric Acid	56,717,110	56,943,022
Hydrated Lime	39,146,121	47,157,380
Limed Ossein	205,482,201	94,853,739
Others	161,569,254	175,264,949
	<b>1,680,923,528</b>	<b>2,000,597,971</b>

### 2.35 Breakup of Consumption

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	%	Amount (Rs.)	%	Amount (Rs.)
<b>Raw Materials</b>				
Imported	3.50	58,841,312	2.98	59,545,467
Indigenous	96.50	1,622,082,216	97.02	1,941,052,504
<b>Total</b>	<b>100.00</b>	<b>1,680,923,528</b>	<b>100.00</b>	<b>2,000,597,971</b>
<b>Stores &amp; Spares *</b>				
Imported	4.98	5,615,532	6.40	6,812,292
Indigenous	95.02	107,178,285	93.60	99,673,996
<b>Total</b>	<b>100.00</b>	<b>112,793,817</b>	<b>100.00</b>	<b>106,486,288</b>
*Debited under Stores & Spares Consumed		46,572,191		53,399,856
*Debited under Repairs & Maintenance		66,221,626		53,086,432
		<b>112,793,817</b>		<b>106,486,288</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017 (CONTD.)

### 2.36 CIF Value of Imports

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Raw Materials	63,756,834	29,775,394
Packing Materials	2,490,158	1,579,387
Components, Stores and Spares	10,772,925	4,721,399
Capital Goods	15,557,360	10,758,820
	<b>92,577,277</b>	<b>46,835,000</b>

### 2.37 Expenditure in foreign currency on account of :

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Professional, Consultation fee and Interest	32,929,561	19,165,109
Other Matters (including travel)	15,866,688	8,943,360
	<b>48,796,249</b>	<b>28,108,469</b>

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

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	Equity dividend	Preference dividend	Equity dividend	Preference dividend
i. No. of non-resident shareholders to whom dividend was remitted	1	1	1	-
ii. No. of shares held by them	3,900,300	929,412	3,900,300	-
iii. Year to which the dividend related	2015-16	2015-16	2014-15	-
iv. Amount remitted (Rupees)	9,750,750	7,883,512	3,900,300	-

### 2.39 Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Export of goods calculated on FOB basis	1,660,892,894	1,776,316,342
Commission	-	1,610,325
GSP Duty refund received	1,616,052	24,856,306
	<b>1,662,508,946</b>	<b>1,802,782,973</b>

**2.40** Figures have been rounded off to the nearest rupee. Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

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As per our report of even date attached	For and on behalf of the Board of Directors		
For VARMA & VARMA (FRN: 004532S)	PAUL ANTONY IAS Chairman DIN : 02239492	SAJIV K. MENON Managing Director DIN : 00168228	RADHA UNNI Director DIN : 03242769
(VIJAY NARAYAN GOVIND) Partner CHARTERED ACCOUNTANTS Membership No. 203094	RAYMOND MERZ Director DIN : 07498918	DR. M. BEENA IAS Director DIN : 03483417	K. L. KUMAR Director DIN : 00004804
	DR. K. CHERIAN VARGHESE Director DIN : 01870530		
Place: Kochi Date: 09.05.2017		SAHASRANAMAN P. Chief Financial Officer	G. RAJESH KURUP Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of Nitta Gelatin India Limited,  
Kochi

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nitta Gelatin India Limited (hereinafter referred to as "the Holding Company") and its two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

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

financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note No. 2.12.2 to the consolidated financial statements which states that in view of the business plans of the subsidiary company M/s Reva Proteins Limited, which is expected to bring in positive cash flows in the near future, the management of the subsidiary company is of the opinion that there is no impairment in the value of the fixed assets of the subsidiary company at this stage.

Our opinion is not modified in respect of this matter

### Other Matters

As stated in Note No 1(a) to the consolidated financial statements, during the current year, the company has written off the book value of investments in the associate company M/s K. K. Organics Private Limited by adjusting the value of investment in full against the provision made in an earlier year towards permanent diminution in the value of investments made in the said company and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard- 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules, 2006 and has hence not been considered for consolidation purpose.

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the respective companies as on 31st March, 2017 taken on record by the Board of Directors of such companies, none of the directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note No 2.20.1, Note No 2.31.1, Note No 2.31.2(1) and Note No 2.23.3 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Companies.
- iv. The Group has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit

procedures and relying on the management representation obtained by the Holding company and subsidiary companies, we report that the disclosures are in accordance with books of account maintained by the respective companies of the Group and as produced to us by the Management of the respective companies -Refer Note 2.18.4, to the consolidated financial statements

For VARMA & VARMA  
(FRN : 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

Place : Kochi-19  
Date : 09.05.2017

CHARTERED ACCOUNTANTS  
Membership No. 203094

**ANNEXURE A REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED AND ITS TWO SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2017**

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

In conjunction with our audit of the consolidated financial statements of Nitta Gelatin India Limited (hereinafter referred to as “the Holding Company”) and its two subsidiaries, which are companies incorporated in India, (the Holding Company and its subsidiaries together referred to as “the Group”) as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Group, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly

and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Group’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain

audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA  
(FRN : 004532S)

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

Place : Kochi-19  
Date : 09.05.2017

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2017**

Particulars	Note No.	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.02	248,791,640	248,791,640
b. Reserves and Surplus	2.03	1,224,222,002	1,053,250,665
c. Minority Interest	2.04	19,037,612	37,644,059
<b>2 Non-current liabilities</b>			
a. Long-term borrowings	2.05	311,130,430	338,987,404
b. Deferred tax liabilities (Net)	2.06	78,188,800	65,724,000
c. Long-term provisions	2.07	27,936,956	38,746,055
<b>3 Current Liabilities</b>			
a. Short-term borrowings	2.08	394,418,904	398,040,676
b. Trade payables	2.09		
(i) Total outstanding dues of micro enterprises and small enterprises		473,250	189,750
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		244,327,232	225,829,894
c. Other current liabilities	2.10	89,644,299	48,704,084
d. Short-term provisions	2.11	82,358,606	107,473,487
<b>Total</b>		<b>2,720,529,731</b>	<b>2,563,381,714</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
a. Fixed Assets	2.12		
i. Tangible Assets (Property, Plant and Equipment)		1,177,562,193	1,197,420,307
ii. Intangible Assets		3,756,849	2,526,725
iii. Capital work-in-progress		128,209,812	83,763,129
iv. Intangible assets under development		-	1,688,947
b. Non-current investments	2.13	8,039,800	7,439,800
c. Long-term loans and advances	2.14	54,183,357	49,599,876
d. Other Non-current assets	2.15	1,084,995	-
<b>2 Current Assets</b>			
a. Inventories	2.16	738,583,746	614,529,166
b. Trade Receivables	2.17	283,514,470	203,943,754
c. Cash and Cash Equivalents	2.18	152,251,808	271,463,704
d. Short-term loans and advances	2.19	48,017,016	48,127,404
e. Other Current Assets	2.20	125,325,685	82,878,902
<b>Total</b>		<b>2,720,529,731</b>	<b>2,563,381,714</b>

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

For and on behalf of the Board of Directors

As per our separate report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

PAUL ANTONY IAS  
Chairman  
DIN : 02239492

RAYMOND MERZ  
Director  
DIN : 07498918

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
Director  
DIN : 03483417

SAHASRANAMAN P.  
Chief Financial Officer

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2017

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017**

Particulars	Note No.	Year ended 31.03.2017 Rupees	Year ended 31.03.2016 Rupees
<b>Income</b>			
I. Revenue from operations (gross)	2.21	3,598,753,291	3,708,482,081
<b>Less</b> : Excise duty		116,459,207	122,866,975
Revenue from operations (net)		<b>3,482,294,084</b>	<b>3,585,615,106</b>
II. Other Income	2.22	49,735,704	23,327,511
III. <b>Total Revenue</b>		<b>3,532,029,788</b>	<b>3,608,942,617</b>
<b>Expenses:</b>			
IV. a. Cost of materials consumed	2.23	1,822,583,550	2,000,597,971
b. Purchases of stock-in-trade		-	-
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.24	62,957,746	(26,603,472)
d. Employee benefits expense	2.25	330,598,400	313,811,256
e. Finance costs	2.26	53,625,287	70,235,982
f. Depreciation and amortisation expense	2.12	138,053,755	127,625,362
g. Other expenses	2.27	913,882,183	941,847,733
<b>Total Expenses</b>		<b>3,321,700,921</b>	<b>3,427,514,832</b>
V. <b>Profit / (Loss) before tax (III-IV)</b>		<b>210,328,867</b>	<b>181,427,785</b>
VI. Tax expense:			
a. Current tax		105,872,000	105,861,293
Less : Mat Credit Entitlement			(19,800,000)
b. Tax for earlier years		(12,099,130)	4,832,272
c. Deferred tax		12,464,800	4,912,173
VII. <b>Profit / (Loss) for the period (V - VI)</b>		<b>104,091,197</b>	<b>85,622,047</b>
VIII. Less: Share of Profit/(Loss) of Subsidiaries for the year transferred to Minority Interest		<b>(18,606,447)</b>	<b>(21,680,755)</b>
IX. <b>Profit / (Loss) for the period after Minority Interest [VII-VIII]</b>		<b>122,697,644</b>	<b>107,302,802</b>
X. <b>Earnings per equity share:</b>	2.28		
Nominal value of share Rs. 10/- (Rs. 10/-)			
a. Basic		<b>13.51</b>	<b>10.77</b>
b. Diluted		<b>13.51</b>	<b>10.77</b>

Significant Accounting Policies and Notes on Accounts 1&2

The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors

As per our separate report of even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)

Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

PAUL ANTONY IAS  
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Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2017

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017**

	For the Year Ended 31.03.2017 Rupees	For the Year Ended 31.03.2016 Rupees
<b>A. Cash Flows from Operating Activities</b>		
<b>Net Profit / (Loss) before Tax &amp; Extraordinary Items</b>	<b>210,328,867</b>	<b>181,427,785</b>
Adjustments for:		
Depreciation	138,053,755	127,625,362
(Profit)/Loss on sale/write off of fixed assets	15,303,285	186,051
(Profit)/Loss on sale of investments	-	(240,000)
Interest Expenditure	53,625,287	70,235,982
Interest Income	(8,719,025)	(9,780,487)
Dividend Received	(10,920)	(27,300)
Foreign Exchange (Gain)/Loss	(1,689,833)	3,705,959
Provision for Doubtful debts	(180,007)	(2,675,236)
Provision for claims disputed	-	(8,685,427)
	<u>196,382,542</u>	<u>180,344,904</u>
Operating Profit / (Loss) before Working Capital Changes	406,711,409	361,772,689
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(74,474,753)	16,376,861
(Increase)/Decrease in Inventories	(124,054,580)	(64,174,103)
Increase/(Decrease) in Trade/ other payables	<u>14,609,789</u>	<u>(51,719,633)</u>
	<u>(183,919,544)</u>	<u>(99,516,875)</u>
<b>Cash generated from Operations</b>	<b>222,791,865</b>	<b>262,255,814</b>
Direct Taxes	(77,542,415)	(58,389,812)
Cash Flow Before Extraordinary Items	145,249,450	203,866,002
Extraordinary Items	-	-
<b>Net Cash from/(used) in Operating Activities</b>	<b>145,249,450</b>	<b>203,866,002</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(191,777,673)	(146,185,840)
Sale of Fixed Assets	2,650,603	1,320,923
Investment in shares	(600,000)	-
Proceeds from sale of investments	-	480,000
Interest Received	8,993,599	9,092,858
Dividend Received	10,920	27,300
<b>Net Cash from/(used) in Investing Activities</b>	<b>(180,722,551)</b>	<b>(135,264,759)</b>
<b>C. Cash Flows from Financing Activities</b>		
Dividend Paid	(30,549,419)	(9,135,599)
Corporate Dividend Tax	(6,225,763)	(1,848,335)
Increase/(Decrease) in Short Term Borrowings	5,544,061	(33,153,791)
Increase/(Decrease) in Long Term Borrowings	(530,059)	132,487,788
Proceeds from issue of share capital	-	158,000,040
Interest Paid	(51,977,615)	(61,801,252)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(83,738,795)</b>	<b>184,548,851</b>

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

	For the Year Ended 31.03.2017 Rupees	For the Year Ended 31.03.2016 Rupees
<b>Summary</b>		
<b>Net Cash from/(used) in Operating Activities</b>	<b>145,249,450</b>	<b>203,866,002</b>
<b>Net Cash from/(used) in Investing Activities</b>	<b>(180,722,551)</b>	<b>(135,264,759)</b>
<b>Net Cash from/(used) in Financing Activities</b>	<b>(83,738,795)</b>	<b>184,548,851</b>
<b>Net Increase/(Decrease) in Cash Equivalents</b>	<b><u>(119,211,896)</u></b>	<b><u>253,150,094</u></b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>271,463,704</b>	<b>18,313,610</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b><u>152,251,808</u></b>	<b><u>271,463,704</u></b>
	<b><u>(119,211,896)</u></b>	<b><u>253,150,094</u></b>

Note :

- Cash and cash equivalents at the end of the year includes Rs. 10,398,395 (Rs. 6,160,236) held under lien and Rs. 1,613,259 ( Rs. 1,581,266 ) deposited in unclaimed dividend account which is earmarked for payment of dividend

For and on behalf of the Board of Directors

As per our separate report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

Place: Kochi  
Date: 09.05.2017

PAUL ANTONY IAS  
Chairman  
DIN : 02239492

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Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### 1. Significant Accounting Policies

#### a Basis of Preparation

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

During the current year, the company has written off the book value of investments in the associate company M/s K. K. Organics Private Limited by adjusting the value of investment in full against the provision made in an earlier year towards permanent diminution in the value of investments made in the said company and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard- 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules, 2006 and has hence not been considered for consolidation purpose.

#### b Principles of Consolidation

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

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

#### c Basis of Accounting

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

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

### **d Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialized.

### **e Revenue Recognition**

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

### **f Tangible Assets (Property, Plant and Equipment)**

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non - refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized 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 of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

### **g Intangible Assets**

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

### **H Depreciation/ Amortisation**

*In the case of the company and subsidiary Bamni Proteins Limited*

- i. Depreciation on Plant and Equipment (other than Service Equipment) is provided on Straight Line Method at the useful lives based on a review by the management at the year-end as under:
  - a. Plant and Machinery at the Bamni Proteins Limited and at Ossein Division of the Company - 8.40 years
  - b. Plant and Machinery of Gelatin Division of the company - 15 years
  - c. Effluent Treatment Plant at the Bamni Proteins Limited and at Ossein division of the Company - 5 years

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

- d. Effluent Treatment Plant at Gelatin Division of the company - 8.40 years
- ii. Depreciation on Service Equipment and other items of Property, Plant and Equipment is provided on Written Down Value Method at the rates provided in Schedule II of the Companies Act, 2013 based on a review by the management at the year end.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. software cost treated as Intangible Assets are amortised over a period of five years.

In the case of the subsidiary Reva Proteins Limited

- i Depreciation on Plant and Machinery (Other than Service Equipments) is provided on Straight Line Method basis and for Service Equipments and other assets, is provided on Written Down Value method based on the useful life of Property, Plant and Equipment prescribed under Schedule II of the Companies Act, 2013, based on a review by the management at the year-end.
- ii Lease Premium on Land is amortised over the period of lease.
- iii. Cost of software treated as Intangible Assets is amortised over a period of 5 years.

### **I Investments**

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

During the current year, the company has written off the book value of investments in the associate company M/s K. K. Organics Private Limited by adjusting the value of investment in full against the provision made in an earlier year towards permanent diminution in the value of investments made in the said company and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard- 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules, 2006 and has hence not been considered for consolidation purpose.

### **j 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.

### **k Research & Development**

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

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

### **I Employee Benefits**

#### **i. Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

#### **ii. Defined Contribution Plans**

*In the case of the Company:*

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

*In the case of the Subsidiaries:*

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

#### **iii. Defined Benefit Plans**

*In the case of the Company:*

Payment of Gratuity to employees is covered by the KCPL Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

*In the case of the subsidiary M/s. Bamny Proteins Limited:*

Payment of Gratuity to employees is covered by the SBI Life Cap- Assure Gold Gratuity Scheme of the SBI Life Insurance Co. Ltd., which is a defined benefit scheme and the company make contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

*In the case of the subsidiary M/s. Reva Proteins Limited:*

The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any is recognized in the accounts. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

#### **iv. Long Term Employee Benefits**

*Compensated Absences:*

The company and its subsidiaries have schemes for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**v. Termination Benefits

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

**m Expense on Employee Stock Purchase Scheme**

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

**n Income Tax**

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

**o Foreign Currency Transactions, Forward Contracts and Derivatives**

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

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

Gain or loss on forward exchange contracts, which are intended to hedge the foreign currency risks of future transactions in respect of which firm commitments are made or which are highly probable forecast transactions are determined by marking such contracts outstanding on Balance Sheet date to market.

The portion of the gains or losses on forward contracts and other hedging instruments designated as cash flow hedges and determined to be "effective hedges" has been recognized directly in Hedging Reserve Account, whereas the portion relating to "ineffective hedges" has been recognized in the Statement of Profit and Loss. The gains or losses that are recognized directly in the Hedging Reserve Account are subsequently reclassified into the Statement of Profit and Loss

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

in the period during which the asset acquired or liability assumed affects the profit or loss. The profit or loss recognized in Hedging Reserve Account, which is not expected to be recovered in future periods, has been recognized in the Statement of Profit and Loss.

### **p Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

### **q Grants/ Subsidies**

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

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

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

### **r Earnings per share**

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.

### **s Impairment of Assets**

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### **t Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2 Notes on Accounts

**2.01** Nitta Gelatin India Limited has controlling interest in the following entities during the year ended 31.03.2017 :

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

### 2.02 Share Capital:

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Authorised:</b>		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
929,412 (929,412) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each	158,000,040	158,000,040
<b>Issued and Subscribed and fully paid:</b>		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- each	90,791,600	90,791,600
929,412 (929,412) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each ( See Note 2.02.1 )	158,000,040	158,000,040
	<b>248,791,640</b>	<b>248,791,640</b>

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Rupees	Number	Rupees
<b>a) Equity shares</b>				
As at the beginning of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
<b>b) Optionally Convertible Preference shares</b>				
As at the beginning of the financial year	929,412	158,000,040	-	-
Add : Issue of shares during the year	-	-	929,412	158,000,040
As at the end of the financial year	929,412	158,000,040	929,412	158,000,040

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	%	Number of shares	%	Number of shares
Nitta Gelatin Inc., Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220

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### b) Optionally Convertible Preference shares

Particulars	As at 31.03.2017		As at 31.03.2016	
	%	Number of shares	%	Number of shares
Nitta Gelatin Inc., Japan	100	929,412	100	929,412

### Terms/ Rights attached to Equity Shares

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

### 2.02.1 Terms/ Rights attached to Preference Shares

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

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

Particulars	As at 31.03.2017	As at 31.03.2016
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

### 2.03 Reserves and Surplus

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Securities Premium Reserve</b>	<b>306,768,715</b>	<b>306,768,715</b>
<b>Capital Investment Subsidy</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Special Export Reserve</b> (under the Income Tax Act, 1961)	<b>7,900,000</b>	<b>7,900,000</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

<b>General Reserve</b>		
Opening Balance	723,664,400	663,664,400
Add: Transfer from Surplus	60,000,000	60,000,000
<b>Closing Balance</b>	<b>783,664,400</b>	<b>723,664,400</b>
<b>Hedge Equalisation Reserve</b>		
Opening Balance	15,102,305	23,478,171
Add: Net gain / ( loss ) recognised on cash flow hedges	101,883,204	15,456,492
Less: Net gain / ( loss ) reclassified to Statement of Profit and Loss during the year	(53,609,511)	23,832,358
	<b>63,375,998</b>	<b>15,102,305</b>
<b>Surplus</b>		
Opening Balance	(1,684,755)	-12,180,382
Add: Profit / ( loss ) for the period after Minority Interest transferred from the Statement of Profit and Loss	122,697,644	107,302,802
<b>Amount available for Appropriation</b>	<b>121,012,889</b>	<b>95,122,420</b>
Less: Appropriations		
Transfer to General Reserve	60,000,000	60,000,000
Proposed Dividend [See Note <b>2.03.1</b> , <b>2.03.2</b> and <b>2.03.3</b> ]	-	30,581,412
Tax on proposed Dividend	-	6,225,763
<b>Closing Balance</b>	<b>61,012,889</b>	<b>(1,684,755)</b>
	<b>1,224,222,002</b>	<b>1,053,250,665</b>

**2.03.1** Preference Dividend of Rs 9.18 ( Rs.8.48 ) per share has been proposed @ 5.4029% ( 5.4029%) on the face value of Optionally Convertible Non cumulative Preference Shares by the Board which is subject to approval by the shareholders in the ensuing Annual general Meeting. .

**2.03.2** The Board of Directors has proposed an Equity dividend @ Rs.2.50 ( Rs 2.50 ) per share for the financial year ending 31.03.2017 at their meeting held on 9th May 2017, which is subject to approval by the shareholders in the ensuing Annual General Meeting.

**2.03.3** In accordance with the revised Accounting Standard - 4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016) proposed dividend for the year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.

#### 2.04 Minority Interest

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Share Capital	55,500,000	55,500,000
Add: Share of Securities premium	54,821,285	54,821,285
Add: Share of accumulated reserves	(72,677,226)	(50,996,471)
	37,644,059	59,324,814
Add: Profit/(Loss) of subsidiaries for the year transferred from Statement of Profit and Loss	(18,606,447)	(21,680,755)
	<b>19,037,612</b>	<b>37,644,059</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.05 Long term Borrowings

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Secured</b>		
<i>In case of the Company</i>		
Term Loans		
From State Bank of India [ See Note <b>2.05.1</b> ]	18,997,224	37,879,342
From Canara Bank [ See Note <b>2.05.2</b> ]	12,823,308	22,119,447
<i>In case of the Subsidiary,</i>		
<i>Reva Proteins Limited</i>		
Term Loans		
From HDFC Bank [ See Note <b>2.05.3</b> ]	8,590,807	10,638,615
From Kerala State Industrial Development Corporation ( See Note <b>2.05.4</b> and <b>2.05.5</b> )	115,719,091	113,350,000
<b>Unsecured</b>		
Loans and advances from Related parties		
<i>In case of the Company</i>		
Nitta Gelatin Inc. [ See Note <b>2.05.6</b> ]	65,000,000	65,000,000
<i>In case of the Subsidiary,</i>		
<i>Reva Proteins Limited</i>		
Nitta Gelatin Inc. [ See Note <b>2.05.7</b> ]	90,000,000	90,000,000
	<b>311,130,430</b>	<b>338,987,404</b>

**2.05.1** Secured by way of exclusive charge over the fixed assets created with the term loan assistance and collateral security by way of equitable mortgage of land owned by the Company on pari passu basis with other lenders and first charge over the other fixed assets of Company on pari passu basis. The interest rate is LIBOR + 3.75 %.

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

Period	Amount in Foreign Currency ( USD )	Amount Rs
From, February 2016 to March 2017	14,583	984,608
From, April 2017 to March 2019	21,874	1,428,363
In April 2019	28,438	1,856,990

**2.05.2** Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly installments of Rs 2,250,000 starting from December 2014 as per the original terms. During the year 2015-16, the term loans had been converted into foreign currency, based on the same the quarterly installments had been reset to an amount in foreign currency of \$ 33,122 (Rs 2,162,890) The interest rate is LIBOR + 5.00 %.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

**2.05.3** 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. The loan is repayable in 72 equated monthly installments (including interest), commencing from 07.06.2015 in the following manner:

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

**2.05.4** (a) 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.

The principal is repayable in 22 equal monthly installments, commencing from 11.03.2017 in the following manner:

Period	Amount in Rs
From, March 2017 to December 2019	5,400,000
From, December 2019 to December 2022	5,350,000
From, March 2022 to December 2023	1,875,000

(b) Interest is payable as and when applied. Interest Rate is 10.50% p.a

**2.05.5** (a) Secured by way of single mortgage by way of extension of exclusive first charge all the leasehold property held under lease deed no. 1237 of 2010 dated 07/07/2010, SRO Jhagadia and Corporate Guarantee of the Holding Company - M/s Nitta Gelatin India Limited.

The principal is repayable in 28 equal monthly installments, commencing from 11.03.2017 in the following manner: .

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

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

**2.05.7** (a) The principal is repayable in 20 equal quarterly installments, commencing from 15.09.2018 in the following manner:

Period	Amount in Rs
From, September 2018 to June 2023	4,500,000

(b) Interest is payable on quarterly basis along with principal at 6 months USD LIBOR Rate + 5.00 % p.a.

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.06 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<i>In case of Company:</i>		
<b>Deferred Tax Liability</b>		
On excess of net book value over Income tax written down value of fixed assets	108,293,000	104,606,000
Timing differences on assessment of income	7,472,000	7,472,000
<b>Deferred Tax Assets</b>		
On Provisions	10,394,000	10,236,000
On other disallowances	16,774,000	29,758,000
Timing differences on assessment of income	3,197,000	-
<b>Net Deferred Tax Liability / (Asset) (A)</b>	<b>85,400,000</b>	<b>72,084,000</b>
<i>In case of Subsidiary: Bamni Proteins Ltd [See Note 2.06.1]</i>		
<b>Deferred Tax Liability</b>		
On excess of net book value over Income tax written down value of fixed assets	-	100,000
<b>Deferred Tax Assets</b>		
On Provisions	273,224	69,000
On excess of incometax return on value over net book value of fixed assets	341,645	-
On other disallowances	6,596,331	6,391,000
<b>Net Deferred Tax Liability / (Asset) (B)</b>	<b>(7,211,200)</b>	<b>(6,360,000)</b>
<b>Deferred Tax Liabilities (Net) Total (A+B)</b>	<b>78,188,800</b>	<b>65,724,000</b>

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

**2.06.2** In the case of the subsidiary Company, M/s Reva Proteins Ltd: In terms of the Accounting Standard on Accounting for Taxes on Income (AS-22), Defferred Tax Asset (Net) has not been recognised in the accounts as a matter of prudence, in the absense of virtual / reasonable certainty of future taxable profits.

### 2.07 Long-term Provisions

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Provision for Employee Benefits [See Note 2.07.1]	27,936,956	38,746,055
	<b>27,936,956</b>	<b>38,746,055</b>

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### a. Defined Contribution Plans

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

Particulars	Company Rupees	Subsidiaries Rupees
Employers contribution to Provident Fund	15,878,556 (13,781,016)	3,981,975 (3,727,144)
Employers contribution to Employee's State Insurance	297,637 (352,204)	22,616 -
Employers contribution to Superannuation fund	5,717,363 (3,702,432)	- -

### b. Defined Benefit Plans - Gratuity: Funded / Unfunded Obligation

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	8.00% (8.00%)	7.80%-8% (7.80%-8%)
Expected return on plan assets	8.75% (8.75%)	8.00% -
Salary escalation rate*	5.00% (5.00%)	4.00%-5.00% (4.00%-5.00%)
Mortality rate	Indian Assured Lives Mortality (1994-96) Ultimate  (LIC (2006-2008) Ultimate)	IALM (2004-2006) Ultimate/ IALM (1994-1996) Ultimate  IALM (2004-2006) Ultimate) IALM (1994-1996) Ultimate)

\*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii. Reconciliation of present value of obligation	Company Rupees	Subsidiaries Rupees
Present value of obligation at the beginning of the year	50,387,798 (44,734,672)	14,289,619 (15,733,565)
Current Service Cost	3,563,555 (3,323,146)	770,503 (732,563)
Interest Cost	4,173,566 (3,537,594)	1,145,426 (1,249,862)
Actuarial (gain)/ loss	(1,336,342) ((178,122))	470,791 (370,899)
Benefits Paid	(3,759,919) ((1,029,492))	(2,205,509) ((3,055,472))
Present value of obligation at the end of the year	53,028,658 (50,387,798)	14,470,830 (14,289,619)

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<b>iii. Reconciliation of fair value of plan assets</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Fair value of plan assets at the beginning of the year	51,680,106	-
	(41,709,598)	-
Expected return on plan assets	4,134,408	-
	(3,954,550)	-
Actuarial gain/ (loss)	(3,413,089)	-
	((954,450))	-
Contributions to the fund	5,420,213	12,960,231
	(8,000,000)	-
Contributions towards direct benefit payments	-	-
Benefits paid	(3,759,919)	-
	((1,029,492))	-
Benefits paid directly	-	-
	-	-
Fair value of plan assets at the end of the year	54,061,719	12,960,231
	(51,680,106)	-

<b>iv. Description of Plan Assets</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Insurer Managed Funds	54,061,719	12,960,231
	(51,680,106)	-

<b>v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the end of the year	53,028,658	14,470,830
	(50,387,798)	(14,289,619)
Fair value of plan assets at the end of the year	54,061,719	12,960,231
	(51,680,106)	-
Net present value of funded/ unfunded obligation recognized as (asset)/ liability in the Balance Sheet	(1,033,061)	1,510,599
	((1,292,308))	(14,289,619)

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<b>vi. Expenses recognized in the Statement of Profit and Loss</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Current Service Cost	3,563,555	770,503
	(3,323,146)	(732,563)
Interest Cost	4,173,566	1,145,426
	(3,537,594)	(1,249,862)
Actuarial (gain)/ loss recognized in the period	2,076,747	470,791
	(776,427)	((370,899))
Past Service Cost (if applicable)	-	-
	-	-
Expected return on plan assets	(4,134,408)	-
	((3,954,550))	-
Total expenses recognized in the Statement of Profit and Loss for the year	5,679,460	2,386,720
	(3,682,617)	(1,611,526)
Actual return on plan assets	721,319	-
	(3,000,000)	-

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

**c. Long Term Employee Benefits**

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

<b>i. Actuarial Assumptions</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Discount Rate (per annum)	8.00%	7.8%-8.00%
	(8.00%)	(7.80% - 8.00%)
Salary escalation rate*	5.00%	4.00%-5.00%
	(5.00%)	(4.00%-5.00%)
Mortality rate	IALM (1994-1996) Ultimate	IALM (2006-2008) Ultimate/ IALM (1994-1996) Ultimate
	(LIC (2006-2008) Ultimate)	IALM (1994-1996) Ultimate)

\*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

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<b>ii. Reconciliation of present value of obligation</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the beginning of the year	25,700,091 (22,822,389)	3,442,902 (3,877,982)
Current Service Cost	9,446,187 (2,014,931)	1,263,531 (777,412)
Interest Cost	2,433,856 (1,598,607)	288,694 (319,496)
Actuarial (gain)/ loss	(8,746,803) (3,919,001)	(1,091,624) ((407,904))
Benefits Paid	(4,555,921) ((4,654,837))	(673,289) ((1,124,084))
Present value of obligation at the end of the year	24,277,410 (25,700,091)	3,230,214 (3,442,902)
<b>iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the end of the year	24,277,410 (25,700,091)	3,230,214 (3,442,902)
Fair value of plan assets at the end of the year	- -	- -
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	24,277,410 (25,700,091)	3,230,214 (3,442,902)
<b>iv. Expenses recognized in the Statement of Profit and Loss</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Current Service Cost	9,446,187 (2,014,931)	1,263,531 (777,412)
Interest Cost	2,433,856 (1,598,607)	288,694 (319,496)
Actuarial (gain)/ loss recognized in the period	(8,746,803) (3,919,001)	(1,091,624) ((407,904))
Past Service Cost (if applicable)	- -	- -
Total expenses recognized in the Statement of Profit and Loss for the year	3,133,240 (7,532,539)	460,601 (689,004)

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.08 Short-term Borrowings

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Working Capital Loan from Banks (Secured)		
a) <i>In case of the Company</i> Nitta Gelatin India Ltd [See Note <b>2.08.1</b> ]	370,056,555	398,040,676
	24,362,349	-
b) <i>In case of the Subsidiary</i> Reva Protiens Ltd [See Note <b>2.08.2</b> ]		
	<b>394,418,904</b>	<b>398,040,676</b>

**2.08.1** Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future and by way of pari passu charge on the fixed assets of the Company. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs NIL ( Rs 14,333,382 ) which is repayable within a period of 70 days to 90 days from the date of availment as per terms.

**2.08.2** Security offered on the above loan is as under :

- a. Primary Security - first charge on the entire current assets of the company, both present and future.
- b. Collateral security - on the entire fixed assets of the company, both present and future
- c. Corporate Guarantee - of the Holding Company - M/s Nitta Gelatin India Limited.

### 2.09 Trade Payables

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
(i) Total outstanding dues of micro enterprises and small enterprises [See Note <b>2.09.1</b> ]	473,250	189,750
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	244,327,232	225,829,894
	<b>244,800,482</b>	<b>226,019,644</b>

**2.09.1** The Group has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at the year end, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs.473,250 (Rs.1,89,750) has been included under Trade Payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

**2.10 Other Current Liabilities**

<b>Particulars</b>	<b>As at 31.03.2017 Rupees</b>	<b>As at 31.03.2016 Rupees</b>
Current maturity of Long term borrowings [See Note no. <b>2.05.1 to 2.05.5</b> ]	52,113,399	27,783,476
Unpaid Dividend	1,613,259	1,581,266
Interest Accrued and due on borrowings	1,564,281	197,706
Interest Accrued but not due on borrowings	676,163	395,066
Other Payables -		
- Statutory Dues	8,515,791	7,687,929
- Advance from Customers	13,105,325	254,625
- Creditors for Capital Goods	8,892,817	8,364,874
- Other Recoveries Payable	1,711,199	1,768,958
- Deposits	1,452,065	670,184
	<b>89,644,299</b>	<b>48,704,084</b>

**2.11 Short-term Provisions**

<b>Particulars</b>	<b>As at 31.03.2017 Rupees</b>	<b>As at 31.03.2016 Rupees</b>
Provision for employee benefits [See Note <b>2.07.1</b> ]	1,081,267	4,686,557
Others		
- Proposed Dividend	-	30,581,412
- Corporate Dividend Tax	-	6,225,763
- Water Cess [See Note <b>2.31.2(iii)</b> ]	6,183,200	6,183,200
- Entry Tax	1,100,494	-
- Sales Tax	2,874,385	2,874,385
- Excise Duty	13,229,289	11,050,417
- Income Tax (net)	57,889,971	45,871,753
	<b>82,358,606</b>	<b>107,473,487</b>

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

**2.12 - FIXED ASSETS AND CAPITAL WORK IN PROGRESS**

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT			NET BLOCK			
	As at 01-04-2016	Additions	Disposals/ Adjustments	As at 31-03-2017	As at 01-04-2016	For the year	Disposal/ Adjustments	As at 31-03-2017	As at 31-03-2017 (See Note 2.12.2 below)	As at 31-03-2016
<b>FIXED ASSETS:</b>										
<b>(A) Tangible Assets (Property, Plant &amp; Equipment)</b>										
Land and Development	46,996,926 (46,996,926)	-	-	46,996,926 (46,996,926)	-	-	-	-	46,996,926 (46,996,926)	46,996,926 (46,996,926)
Leasehold Land [Refer Note 2.12.1]	87,367,496 (87,367,496)	1,050,112	-	88,417,608 (87,367,496)	8,905,170 (7,996,548)	909,478 (908,622)	-	9,814,648 (8,905,170)	78,602,960 (78,462,326)	78,462,326 (79,370,948)
Buildings	510,818,831 (487,837,785)	25,061,655 (22,981,046)	3,088,528	532,791,958 (510,818,831)	281,799,519 (253,608,426)	25,322,422 (28,191,093)	862,855	306,259,086 (281,799,519)	226,532,872 (229,019,312)	229,019,312 (234,229,359)
Plant & Equipment [See Note 2.12.3]	2,061,671,870 (1,954,882,202)	104,093,776 (118,171,408)	46,094,161 (11,381,740)	2,119,671,485 (2,061,671,870)	1,230,794,152 (1,148,709,092)	105,112,855 (92,257,036)	28,869,247 (10,171,976)	1,307,037,760 (1,230,794,152)	812,633,725 (830,877,718)	830,877,718 (806,173,110)
Office Equipments	26,501,026 (24,370,993)	2,824,670 (3,633,462)	3,713,282	25,612,414 (26,501,026)	21,348,146 (20,300,567)	2,918,997 (2,486,096)	3,547,538 (1,438,517)	20,719,605 (21,348,146)	4,892,809 (5,152,880)	5,152,880 (4,070,426)
Furniture & Fixtures	11,475,620 (10,420,501)	556,099 (1,150,193)	131,209 (95,074)	11,900,510 (11,475,620)	9,229,875 (8,584,984)	836,058 (739,086)	126,612 (94,195)	9,939,321 (9,229,875)	1,961,189 (2,245,745)	2,245,745 (1,835,517)
Vehicles	10,689,233 (7,940,136)	4,085,838 (4,661,895)	6,006,982 (1,912,798)	8,768,089 (10,689,233)	6,023,833 (5,763,131)	1,426,054 (1,942,081)	4,623,510 (1,681,379)	2,826,377 (6,023,833)	5,941,712 (4,665,400)	4,665,400 (2,177,005)
Total Tangible Assets	2,755,521,002 (2,619,816,039)	137,672,150 (150,598,004)	59,034,162 (14,893,041)	2,834,158,990 (2,755,521,002)	1,558,100,695 (1,444,962,748)	136,525,864 (126,524,014)	38,029,762 (13,386,067)	1,656,596,797 (1,558,100,695)	1,177,562,193 (1,197,420,307)	1,197,420,307 (1,174,853,291)
Previous Year										
<b>(B) Intangible Assets</b>										
Software	16,985,674 (15,662,825)	2,759,194 (1,322,849)	23,596	19,721,272 (16,985,674)	14,458,949 (13,357,601)	1,527,891 (1,101,348)	22,417	15,964,423 (14,458,949)	3,756,849 (2,526,725)	2,526,725 (2,305,224)
Total Assets (A+B)	2,772,506,676 (2,635,478,864)	140,431,344 (151,920,853)	59,057,758 (14,893,041)	2,853,880,262 (2,772,506,676)	1,572,559,644 (1,458,320,349)	138,053,755 (127,625,362)	38,052,179 (13,386,067)	1,672,561,220 (1,572,559,644)	1,181,319,042 (1,199,947,032)	1,199,947,032 (1,177,158,515)
Previous Year										

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As at 01-04-2016	Additions	Disposals/ Adjustments	As at 31-03-2017	As at 01-04-2016	For the year	Disposal/ Adjustments	As at 31-03-2017	As at 31-03-2017 (See Note 2.12.3 below)	As at 31-03-2016
<b>CAPITAL WORK IN PROGRESS:</b>										
Improvements to Leasehold land	269,075	781,037	1,050,112	-	-	-	-	-	-	269,075
Building under construction	4,090,576 (2,913,299)	(269,075) 16,436,573 (3,957,827)	- 12,908,819 (2,780,550)	(269,075) 7,618,330 (4,090,576)					(269,075) 7,618,330 (4,090,576)	- 4,090,576 (2,913,299)
Plant, Machinery and Equipment under installation [See Note 2.12.3]	79,403,478 (85,126,240)	112,831,989 (52,918,291)	71,643,985 (58,641,053)	120,591,482 (79,403,478)					120,591,482 (79,403,478)	79,403,478 (85,126,240)
Total	83,763,129 (88,039,539)	130,049,599 (57,145,193)	85,602,916 (61,421,603)	128,209,812 (83,763,129)					128,209,812 (83,763,129)	83,763,129 (88,039,539)
Intangible assets under development - Software	1,688,947	687,176 (1,688,947)	2,376,123	- (1,688,947)					- (1,688,947)	1,688,947 -
Total	1,688,947	687,176 (1,688,947)	2,376,123	- (1,688,947)					- (1,688,947)	1,688,947 -
Previous Year	-	(1,688,947)	-	(1,688,947)					(1,688,947)	-

2.12.1 Includes Lease premium paid to M/s. Gujarat Industrial Development Corporation (GIDC) by Reva Proteins Ltd towards acquiring leasehold rights for a period of 99 years in respect of 89,182.84 square metres of land allotted to and taken possession by the company at Jhagadia Industrial Estate, Bharuch District, Gujarat. Out of this, GIDC has executed lease agreements in respect of 76,696.59 square metres of land and in respect of the balance area of 12,486.25 square metres (Gross Book Value of Rs. 79,09,260/- and Net Book Value of Rs. 7,350,020/-), the lease agreement is expected to be executed after GIDC receives possession from the Government of Gujarat.

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

2.12.3 Additions to Plant & Equipment include Research & Development assets of Rs. 1,608,211 (Rs.1,677,585) purchased during the year and transfer from Capital Work in progress of Rs.Nil (Rs. 33,091,003).

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

**2.13 Non-current Investments**

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Investment in Equity Instruments (at Cost) - Long term</b>		
<b>Quoted ( Non Trade):</b>		
a. 4,200 (4,200) Equity Shares of Rs.1/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
<b>Aggregate amount of quoted investments (A)</b>		
Aggregate Market Value: Rs 1,107,797 ( Rs. 818,520 )	149,800	149,800
<b>Unquoted (Trade):</b>		
<b>a. In Associate companies [See Note 1(a)]</b>		
i. 288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited.	-	2,880,000
<i>Less: Provision for diminution in value of investments</i>	-	(2,880,000)
<b>b. Others:</b>		
<u>In Case of the Company</u>		
i. 60,000 (60,000) fully paid up Equity Shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
ii. 50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
<i>Less: Provision for diminution in value of investments</i>	(500,000)	(500,000)
iii. 300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
<u>In Case of the Subsidiary</u>		
iv. 414,000 (354,000) fully paid up equity shares of Rs.10/- each in Narmada Clean tech limited	4,140,000	3,540,000
<b>Aggregate amount of unquoted investments (B)</b>	<b>7,890,000</b>	<b>7,290,000</b>
Aggregate provision for diminution in value of investments Rs. 500,000 (Rs. 3,380,000)		
<b>Total Investments (A + B)</b>	<b>8,039,800</b>	<b>7,439,800</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**
**2.14 Long-term Loans and Advances**

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Unsecured (Considered Good)</b>		
Capital Advance	18,756,083	9,652,370
Advance Tax (net) including tax deducted at source	3,626,178	7,838,415
<b>Others</b>		
- Loan to employees	408,242	618,418
- Deposits	31,392,854	31,490,673
<b>Unsecured (Considered Doubtful)</b>		
Sales Tax Deposit	-	1,100,494
Less: Provision for doubtful deposits	-	1,100,494
	-	-
	<b>54,183,357</b>	<b>49,599,876</b>

**2.15 Other Non-Current Assets**

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>Unsecured (Considered Good)</b>		
Balance with banks in deposit accounts ( held under lien towards bank guarantee ) [See Note 2.15.1]	1,084,995	-
	<b>1,084,995</b>	<b>-</b>

**2.15.1** Balance with banks in Deposit Accounts represent Rs Nil ( Rs Nil ) held as security against Bank Guarantee.

**2.16 Inventories**

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Raw Materials	246,388,131	143,576,734
<i>Raw Materials in transit</i>	19,615,776	-
Work-in-process	233,100,731	241,351,097
Finished Goods	105,807,183	160,514,563
Stores & Spares	126,313,773	62,061,613
Loose Tools	319,157	313,461
Others - Packing Materials	7,038,995	6,711,698
	<b>738,583,746</b>	<b>614,529,166</b>

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.17 Trade Receivables

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	789,304	578,059
Unsecured, Considered Doubtful	3,214,853	3,602,320
	4,004,157	4,180,379
Less: Provision for Doubtful Debts	3,214,853	3,602,320
	789,304	578,059
Others (Unsecured, Considered Good)	282,725,166	203,365,695
	<b>283,514,470</b>	<b>203,943,754</b>

### 2.18 Cash and Cash Equivalents

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Balance with Banks		
In Current Accounts ( See Note <b>2.18.1</b> )	37,810,741	10,880,413
In Deposit Accounts ( See Note <b>2.18.2 &amp; 2.18.3</b> )	113,913,301	259,607,435
Cash on hand	527,766	975,856
	<b>152,251,808</b>	<b>271,463,704</b>

**2.18.1** Balance with banks in Current Accounts include earmarked balances for unpaid dividend of Rs. 16,13,259 (Rs. 15,81,266) and debit balances in overdraft account amounting to Rs.1,83,922 (Rs. 9,72,987)

**2.18.2** Balance with banks in Deposit Accounts include Rs.91,86,963 (Rs. 52,39,761) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit and Rs. 5,82,98,318 ( Rs 18,23,49,512 ) being other short term deposits with a maturity period of less than 12 months

**2.18.3** Balance with banks in Deposit Accounts include Rs. 12,11,432 (Rs. 5,57,137 ) with a maturity period beyond 12 months, which are held as security against Letter of Credits/ Guarantee

**2.18.4** Specified Bank Notes (SBN) held and transacted during the period 08th November 2016 to 30th December 2016 by the group:

Particulars	SBN	Other Denomina- tion notes	Total
<b>Closing Cash in hand as on 08.11.2016</b>	694,500	302,881	997,381
(+) Permitted receipts	-	3,226,505	3,226,505
(-) Permitted Payments	-	2,904,943	2,904,943
(-) Amount deposited in banks	694,500	147	694,647
Closing cash in hand as on 30.12.2016	-	624,296	624,296

**Note:** The above disclosure do not include direct remittances made by customers into the bank account of the company Rs. 194,556 (SBN Rs. 59,000 and other denomination notes Rs. 135,556).

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.19 Short-term Loans and Advances

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
<b>(Unsecured, Considered Good)</b>		
Others:		
- Advances recoverable in cash or in kind or for value to be received.	36,896,825	41,934,520
- Loan to employees	222,711	307,387
- Deposits	739,325	775,252
- Balances with Central Excise, Customs etc.	10,158,155	5,110,245
	<b>48,017,016</b>	<b>48,127,404</b>

### 2.20 Other Current Assets

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Interest Receivable	1,430,215	1,704,789
Assets held for sale [See Note <b>2.20.1</b> ]	12,271,364	12,271,364
Export Incentive: [ See Note <b>2.20.2</b> ]	65,443,792	55,610,805
Less: Provision for disputed claims	<i>(17,776,195)</i>	<i>(17,776,195)</i>
	47,667,597	37,834,610
Forward contract receivable (Marked to Market Gain)	54,210,115	24,234,055
Others	9,746,394	6,834,084
<b>Total</b>	<b>125,325,685</b>	<b>82,878,902</b>

2.20.1 Assets held for disposal represents cost of plant and machinery proposed to be sold by the company. Steps are being taken to dispose the said assets at the earliest and hence continued to be classified as current assets.

2.20.2 Export incentives receivable includes:

- a) Claim for duty drawback on furnace oil consumed relating to earlier years amounting to Rs 6,461,789 (Rs 6,461,789) has been decided against the company by the division bench of the Hon High Court of Kerala during the year. The company has sought further appeal before Hon 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.
- b) Claims amounting to Rs 20,818,015 (Rs 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 Rs 4,151,031 (Rs 4,151,031) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback claim for the relevant period as a matter of abundant caution.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.21 Revenue from operations

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Sale of Products</b>		
Gross Sales	3,521,541,681	3,609,374,263
<b>Other Operating Revenues</b>		
Miscellaneous Sales	14,477,912	32,947,566
Export Incentive [See Note 2.20.2]	26,724,672	36,936,075
Other Miscellaneous Income	36,009,026	29,224,177
	77,211,610	99,107,818
	<b>3,598,753,291</b>	<b>3,708,482,081</b>
Less: Excise Duty collected on domestic sales	116,459,207	122,866,975
	<b>3,482,294,084</b>	<b>3,585,615,106</b>

### 2.22 Other Income

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Interest Income	8,719,025	9,780,487
Dividend Income from Non Current Investments	10,920	27,300
Foreign Exchange Rate Variation (net)	40,635,128	13,129,724
Net gain on sale of investments	-	240,000
Other non operating Income	370,631	150,000
	<b>49,735,704</b>	<b>23,327,511</b>

### 2.23 Cost of materials consumed

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Opening Stock	143,576,734	100,392,588
Add: Purchases	1,945,010,723	2,043,782,117
	<b>2,088,587,457</b>	<b>2,144,174,705</b>
Less: Closing Stock	266,003,907	143,576,734
	<b>1,822,583,550</b>	<b>2,000,597,971</b>

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

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Closing Stock</b>		
Finished Goods	105,807,183	160,514,563
Work-in-process	233,100,731	241,351,097
	<b>338,907,914</b>	<b>401,865,660</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
 THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	160,514,563	119,831,319
Work-in-process	241,351,097	255,430,869
	<b>401,865,660</b>	<b>375,262,188</b>
	<b>(62,957,746)</b>	<b>26,603,472</b>

**2.25 Employee benefits expense**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Salaries and Wages	261,703,242	255,861,855
Contribution to Provident and Other Funds	31,741,188	25,218,704
Workmen and Staff Welfare Expenses	37,153,970	32,730,697
	<b>330,598,400</b>	<b>313,811,256</b>

**2.26 Finance costs**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Interest Expense	53,625,287	70,235,982
	<b>53,625,287</b>	<b>70,235,982</b>

**2.27 Other Expenses**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Consumption of Stores, Spares & Consumables	59,393,704	59,256,959
Packing materials Consumed	29,743,130	34,711,448
Research & Development Expenditure [See Note <b>2.27.1</b> ]	7,763,819	7,545,358
Power, Fuel, Water & Gas	391,555,764	406,374,786
Repairs		
- Building	19,005,677	17,335,093
- Plant & Machinery	77,033,863	92,303,553
- Others	37,216,501	34,210,984
Loading, Transportation and Other charges on Products	77,119,495	55,235,549
Freight on Exports	14,535,026	15,546,133
Insurance	8,074,575	7,926,072
Rent	3,438,356	2,107,758
Rates & Taxes	12,645,232	17,519,496

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Postage & Telephone	5,155,088	4,736,123
Printing & Stationery	2,542,025	2,014,517
Travelling & Conveyance	30,984,370	34,030,958
Director's sitting fee	855,926	750,000
Payments to the Auditor [See Note 2.27.2]	2,368,716	2,177,782
Advertisement & Publicity	2,338,702	2,502,542
Discount & Commission on Sales	11,091,568	18,007,743
Professional & Consultancy charges	29,034,643	32,812,478
Bank Charges	6,355,325	5,495,746
Miscellaneous Expenses	68,185,117	87,113,054
Expenses on Corporate Social Responsibility activities [See Note 2.27.3 ]	2,142,276	1,947,550
Loss on Assets sold/written off (Net)	15,303,285	186,051
	<b>913,882,183</b>	<b>941,847,733</b>

**2.27.1 Details of Research & Development Expenditure**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
Revenue Expenditure		
Salary & Allowances	2,610,893	3,986,172
Other Expenses (Net of recoveries)	5,152,926	3,559,186
	<b>7,763,819</b>	<b>7,545,358</b>

**2.27.2 Details of payments to the Auditor**

Particulars	For the year ended 31.03.2017 Rupees	For the year ended 31.03.2016 Rupees
a. Statutory Audit Fees	1,200,000	1,057,500
b. Other Services		
Taxation Matters (Including Tax Audit)	613,888	596,925
Others	499,044	474,377
Reimbursement of Expenses	55,784	48,980
	<b>2,368,716</b>	<b>2,177,782</b>

**2.27.3 Details of expenses on Corporate Social Responsibility activities**

a. Gross amount required to be spent by the company during the year Rs.1,943,202 (Rs.1,923,004).

b. Amount spent during the year on:

- i. Construction/acquisition of any asset      Rs. Nil (Nil)
- ii. On purposes other than (i) above      Rs.2,142,276 (Rs 1,947,550)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.28 Earnings per equity share - Basic & Diluted

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net Profit /(Loss) after taxation (Rupees)	122,697,644	107,302,802
Less : Preference Dividend and tax thereon	-	9,488,437
Net profit available for Equity shareholders	122,697,644	97,814,365
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,079,160	9,079,160
<b>Earnings per share - Basic and Diluted</b>	<b>13.51</b>	<b>10.77</b>

### 2.29 Disclosure of transactions with Related Parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

#### A. Related parties and nature of relationship

##### i. Enterprise having substantial interest in the Company and its Subsidiaries

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

##### ii. Associate Company

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

##### iii. Key Managerial Personnel

###### 1. In case of the Company

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

###### 2. In case of Subsidiaries

- |    |                    |   |  |
|----|--------------------|---|--|
| a. | Mr. M. A. Xavier   | - | Managing Director- Bamni Proteins Limited<br>(from 01.04.2015)   |
| b. | Mr. T. P. Philip   | - | Managing Director - Reva Proteins Limited<br>(upto 31.12.2016 )  |
| c. | Mr. Noriyuki Tsuji | - | Whole Time Director - Reva Proteins Limited<br>(upto 31.12.2016)<br>Managing Director - Reva Proteins Limited<br>(from 01.01.2017) |

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### B. Description of Transactions

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<b><u>Sale and Income</u></b>				
1	Sale of Goods: <i>Nitta Gelatin Inc.</i>	1,074,951,284		1,074,951,284
		(1,146,446,715)		(1,146,446,715)
	<i>Nitta Gelatin NA Inc.</i>	562,850,864		562,850,864
		(536,573,926)		(536,573,926)
2	Commission on sales <i>Nitta Gelatin Inc.</i>	1,494,645		1,494,645
		(1,610,325)		(1,610,325)
	<i>Nitta Gelatin Canada</i>	-		-
		(9,076)		(9,076)
3	<i>GSP duty refund received on exports to related party refunded by them - Nitta Gelatin NA Inc</i>	1,616,052		1,616,052
		(24,856,306)		(24,856,306)
4	<i>Rebate expense no longer payable written back</i> <i>Nitta Gelatin Inc</i>	-		-
		(5,959,288)		(5,959,288)
	<i>Nitta Gelatin NA Inc.</i>	-		-
		(1,715,386)		(1,715,386)
5	<i>Capsule consulting fee no longer payable written back</i> <i>Nitta Gelatin Inc</i>	-		-
		(2,174,955)		(2,174,955)
<b><u>Purchase and Expenses</u></b>				
1	Purchase of stock in trade: <i>Nitta Gelatin Inc.</i>	-		-
		(378,256)		(378,256)
2	Commission expense: <i>Nitta Gelatin Inc.</i>			
	- For Sale of Gelatin	1,042,796		1,042,796
		(296,745)		(296,745)
	- For Sale of Peptide	451,849		451,849
		(523,971)		(523,971)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
3 Commission income of earlier year written off				
<i>Nitta Gelatin Inc</i>		-		-
- For Sale of Gelatin		(3,239,000)		(3,239,000)
4 Rebate/ Discount expense:				
<i>Nitta Gelatin Inc</i>		3,820,724 (7,512,698)		3,820,724 (7,512,698)
Nitta Gelatin NA Inc		872,090 (1,072,048)		872,090 (1,072,048)
5 Technical Assistance Fee:				
<i>Nitta Gelatin Inc.</i>		1,802,911 (1,876,612)		1,802,911 (1,876,612)
6. Interest expense paid to Nitta Gelatin Inc. on External Commercial Borrowings				
Nitta Gelatin India Ltd		3,971,017 (83,793)		3,971,017 (83,793)
Reva Proteins Ltd		5,517,674 (2,305,812)		5,517,674 (2,305,812)
7 Reimbursement of Expenses (Net):				
<i>Nitta Gelatin Inc.</i>		482,640 (1,042,594)		482,640 (1,042,594)
8 Donations / Corporate Social Responsibility contribution [See Note 2.27.3]				
<i>K.T Chandy Seiichi Nitta Foundation</i>	1,014,886			1,014,886
	(858,550)			(858,550)
9 Remuneration to Key Managerial Personnel In the case of Company				
a Managing Director			13,159,438 (12,051,094)	13,159,438 (12,051,094)
b Whole Time director			3,404,655 (2,522,767)	3,404,655 (2,522,767)
In the case of Subsidiaries				
c Managing Director - <i>Bamni Proteins Limited</i>			2,627,672 (2,501,300)	2,627,672 (2,501,300)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<i>Reva Proteins Limited</i>			2,362,443	2,362,443
d. Whole time director - Reva Proteins Limited (Includes an amount of Rs. Nil (Rs. 163,866) paid to the director in the previous year as Executive Vice President (Technical) for a period)			(1,711,547)	(1,711,547)
			1,204,803	1,204,803
			(1,988,119)	(1,988,119)
<u>Loans taken from Nitta Gelatin Inc.</u>				
<i>In the case of the Company</i>		-		-
		(65,000,000)		(65,000,000)
<i>In the case of the Subsidiary Reva Proteins Limited</i>		-		-
		(90,000,000)		(90,000,000)
<b>Dividend Paid Equity Shares</b>				
<i>Nitta Gelatin Inc.</i>		9,750,750		9,750,750
		(3,900,300)		(3,900,300)
<b>Dividend on Preference shares ( proposed )</b>				
<i>Nitta Gelatin Inc.</i>		-		-
		(7,883,512)		(7,883,512)
<b>Balance as on 31.03.2017</b>				
<i>Investments</i>				
1 <i>KK Organics Private Limited*</i> <i>[See Note 1(a)]</i> <i>* Provision created for loss in investments Rs. Nil (Rs. 2,880,000]</i>	-	(2,880,000)		-
<b>Receivables</b>				
1 <i>Nitta Gelatin Inc.</i>		28,409,290		28,409,290
		(33,717,206)		(33,717,206)
2 <i>Nitta Gelatin NA Inc.</i>		11,270,364		11,270,364
		(22,524,247)		(22,524,247)
<b>Payables</b>				
1 <i>Nitta Gelatin Inc.</i> <i>-Term loan (Nitta Gelatin India Ltd.)</i>		65,000,000		65,000,000
		(65,000,000)		(65,000,000)
<i>-Term loan (Reva Proteins Ltd.)</i>		90,000,000		90,000,000
		(90,000,000)		(90,000,000)
<i>-Trade Advance from customers</i>				
<i>- Reva Proteins Ltd.</i>		11,403,408		11,403,408
		-		-
<i>Other payables - Company</i>		8,439,297		8,439,297
		(10,340,167)		(10,340,167)
2 <i>Nitta Gelatin NA Inc</i> <i>-Other payables</i>		457,034		457,034
		(472,732)		(472,732)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.30 Segment Information

In respect of the Company:

The company is engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and Collagen Peptide, which form broadly part of one product group and hence constitute a single business segment. However, based on geographical factors, reportable geographic segments have been identified as export sales and domestic sales.

In respect of the Subsidiary-Reva Proteins Ltd:

The company is engaged in the business of manufacture and sale of Ossein, Limes Ossein and DCP which form broadly part of one product group and hence constitute a single business segment. However, based on geographical factors, reportable geographic segments have been identified as export sales and domestic sales. In respect of the previous financial year, there is only one reportable geographical segment.

In respect of the Subsidiary-Bamni Proteins Ltd:

The company is engaged in the business of manufacture/job conversion of Ossein and hence constitute a single business segment

The segment wise information pertaining to the reportable geographical segments as above is as follows:

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,815,479,088	1,589,603,386	3,405,082,474
	(1,792,169,705)	(1,694,337,583)	(3,486,507,288)
Segment Result	414,364,857	115,030,529	529,395,386
	(389,883,027)	(156,295,624)	(546,178,651)
Unallocated Expenditure (Net)			265,441,232
			(294,514,884)
Interest Expense			53,625,287
			(70,235,982)
Profit / ( Loss ) before Taxation			210,328,867
			(181,427,785)

Capital employed as also assets and liabilities of the company are not capable of being stated separately segment wise since all the assets and liabilities are held under composite undertaking for both the geographic segments.

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

#### 2.31.1 Provisions

Nature of Provision	Balance as at 01.04.2016	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2017
Provision for Central Excise Duty.	11,050,417	2,178,872	-	-	13,229,289
[See Note <b>2.31.1(i)</b> ]	(10,393,020)	(657,397)			(11,050,417)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

Provision for Central Sales Tax [See Note 2.31.1(ii)]	2,874,385	-	-	-	2,874,385
	-	(2,874,385)	-	-	(2,874,385)
Provision for Water Cess	6,183,200	-	-	-	6,183,200
	(6,183,200)	-	-	-	(6,183,200)
Provision for Entry Tax	-	1,100,494	-	-	1,100,494
	-	-	-	-	-

**2.31.1(i).** Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 35,074,543 (Rs. 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 Rs. 13,229,289 (Rs 11,050,417) as a matter of abundant caution and the balance amount of Rs. 21,845,254 ( Rs 24,024,126) has been disclosed as a contingent liability.

**2.31.1 (ii).** The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to Rs 2,874,385 (Rs 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.

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

### 2.31.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note 2.31.2(i)]	27,798,822	34,783,675
b. Value Added Tax/ Central Sales Tax [See Note 2.31.2(ii)]	34,888,363	43,745,239
c. Excise Duty [See Note 2.31.1(i) and 2.31.2.(iii)]	29,269,900	29,238,581
d. Water Cess [See Note 2.31.2(iv)]	65,301,200	65,301,200
2. Foreign Bills Discounted	242,527,831	169,247,046
3. Domestic Bills Discounted	-	10,417,520
4. Counter Guarantee issued in favour of bankers	11,640,610	6,261,540
<b>Total</b>	<b>411,426,726</b>	<b>458,994,801</b>

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

**2.31.2(ii)** The Value Added tax / CST authorities had raised demands on assessment for some earlier years amounting to Rs. 34,888,363 (Rs. 43,745,239 ) (net of bank guarantees amounting to Rs. 4,879,070 (Nil), included in 2.31.2(4) above), 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.

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

**2.31.2(iii)** Includes demands raised by the Central Excise Authorities (including interest, as computed and penalty) for higher excise duties on a product of the company and towards cenvat credits availed aggregating to Rs. 6,729,274 (Rs 3,480,352) which have been disputed by the company before the appellate authorities; and show cause notices received from such authorities for service tax on certain deemed services and ineligible cenvat credit availed aggregating to Rs. 695,372 (Rs 1,734,103), 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.

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

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

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

**2.31.3** 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. As per legal advice, the proposal of the department is legally incorrect and the matter has not reached finality as the notice is pending adjudication, in view of which there is no contingent liability.

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

- a. Company - Rs. 26,007,513 (Rs. 49,233,558 )
- b. Bamni Proteins Limited (Subsidiary) - Rs. 132,683 (Rs. Nil)
- c. Reva Proteins Limited (Subsidiary) - Rs 16,572,384 ( Rs 13,241,504 )

**2.33** a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs. 1,690,000 (Rs. 1,730,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

b. In respect of Raw materials imported at concessional rate of duty under the Advance Authorisation Scheme, the Company has an export obligation of approximately Rs. 190,500,000 (Rs. 251,710,000) which was originally required to be fulfilled at different dates until 2016. the Company has applied to the Directorate General of Foreign Trade for extension of Export obligation period as per provision, which is however pending at this stage. In the event of non fulfillment of export obligation / non extension of period, the Company may be liable for the Customs duties and penalties as applicable.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

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

**2.35** As a part of company's (Nitta Gelatin India Ltd.) risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts, designated as cash flow hedges.

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Foreign Currency	Fair Value (Rupees)	Foreign Currency	Fair Value Rupees
Export				
a) Forward contracts (USD)	12,000,000	790,096,250	16,300,000	1,107,916,338
b) Foreign currency packing credit and buyers credit:				
USD	5,660,712	369,644,503	5,827,547	389,105,323
EURO	-	-	79,503	6,024,734

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	\$	Rupees	\$	Rupees
Receivables	-	-	-	-

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Foreign Currency	Rupees	Foreign Currency	Rupees
<b>Receivables</b>				
USD	809,864	52,155,267	1,011,197	66,607,550
EURO	173,000	11,838,390	172,000	12,745,200
<b>Payables</b>				
USD	176,660	11,535,903	202,958	13,551,535
EURO	6,050	423,681	16,958	1,287,351
Japanese YEN	2,741,730	1,620,467	2,741,730	1,605,543

In the case of the Subsidiaries, foreign exchange risk, if any are not being hedged by any derivative instrument and accordingly there are no disclosures in this regard.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

**Additional Information:**

**2.36 Turnover and Opening and Closing stock**

Particulars	Sales Rupees	Closing Inventory		Opening Inventory	
		Rupees		Rupees	
		Finished Goods	Work in progress	Finished Goods	Work in progress
Ossein	647,956,947	50,324,391	59,110,194	81,109,903	-
	(656,605,923)	(81,109,903)	-	(46,648,719)	-
Dicalcium Phosphate	558,045,177	5,032,092	-	3,706,576	-
	(577,848,522)	(3,706,576)	-	(3,597,297)	-
Gelatin	1,964,977,217	11,507,137	157,792,442	30,579,465	218,076,316
	(1,912,164,523)	(30,579,465)	(218,076,316)	(22,100,602)	(234,421,184)
Collagen Peptide	168,375,822	17,105,721	-	28,299,882	-
	(194,374,247)	(28,299,882)	-	(40,363,284)	-
Others	65,727,311	21,837,842	16,198,095	16,818,737	23,274,781
	(145,514,073)	(16,818,737)	(23,274,781)	(7,121,417)	(21,009,685)
	<b>3,405,082,474</b>	<b>105,807,183</b>	<b>233,100,731</b>	<b>160,514,563</b>	<b>241,351,097</b>
	<b>(3,486,507,288)</b>	<b>(160,514,563)</b>	<b>(241,351,097)</b>	<b>(119,831,319)</b>	<b>(255,430,869)</b>

**2.37 Particulars of raw materials consumed during the year**

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	Value (Rupees)		Value (Rupees)	
Crushed Bone		1,450,581,660		1,614,010,819
Others		372,001,890		386,587,152
		<b>1,822,583,550</b>		<b>2,000,597,971</b>

**2.38 Breakup of Consumption**

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	%	Amount (Rs.)	%	Amount (Rs.)
<b>Raw Materials</b>				
Imported	3.23	58,841,312	2.98	59,545,467
Indigenous	96.77	1,763,742,238	97.02	1,941,052,504
<b>Total</b>	<b>100.00</b>	<b>1,822,583,550</b>	<b>100.00</b>	<b>2,000,597,971</b>
<b>Stores &amp; Spares *</b>				
Imported	4.34	5,615,532	5.97	6,812,292
Indigenous	95.66	123,837,700	94.03	107,377,260
<b>Total</b>	<b>100.00</b>	<b>129,453,232</b>	<b>100.00</b>	<b>114,189,552</b>
*Debited under Stores & Spares Consumed		59,393,704		59,256,959
*Debited under Repairs & Maintenance		70,059,528		54,932,593
		<b>129,453,232</b>		<b>114,189,552</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)

### 2.39 1. CIF Value of Imports

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Rupees	Rupees
Raw Materials	63,756,834	29,775,394
Packing Materials	2,490,158	1,579,387
Components, Stores and Spares	10,772,925	4,721,399
Capital Goods	15,557,360	10,758,820
	<b>92,577,277</b>	<b>46,835,000</b>

### 2. Expenditure in foreign currency on account of :

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Rupees	Rupees
Professional, Consultation fee and Interest	38,447,235	21,470,921
Other Matters (including travel)	15,866,688	8,943,360
	<b>54,313,923</b>	<b>30,414,281</b>

### 3. Remittance in foreign currencies on account of dividend (including remittance to NRE Account) by the Company

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
	Equity dividend	Preference dividend	Equity dividend	Preference dividend
i. No. of non-resident shareholders to whom dividend was remitted	1	1	1	-
ii. No. of shares held by them	3,900,300	929,412	3,900,300	-
iii. Year to which the dividend related	2015-16	2015-16	2014-15	-
iv. Amount remitted (Rupees)	9,750,750	7,883,512	3,900,300	-

### 4. Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Rupees	Rupees
Export of goods calculated on FOB basis	1,800,944,062	1,776,316,342
Commission	-	1,610,325
GSP Duty refund received	1,616,052	24,856,306
	<b>1,802,560,114</b>	<b>1,802,782,973</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017 (CONTD.)**

**2.40 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013**

Name of the Entity	For the year ended 31.03.2017 Net Assets ie, Total Assets - Total Liabilities		For the year ended 31.03.2016 Net Assets ie, Total Assets - Total Liabilities	
	As a % of consolidated net assets	Amount - Rs	As a % of consolidated net assets	Amount - Rs
<b>Parent company</b>	85.45%	1,275,022,033	78.50%	1,051,667,240
Subsidiaries:				
a) Bamni Proteins Limited	3.10%	46,248,711	3.03%	40,554,634
b) Reva Proteins Limited	10.17%	151,742,898	15.66%	209,820,431
Minority interests in all subsidiaries	1.28%	19,037,612	2.81%	37,644,059
<b>Total</b>	<b>100.00%</b>	<b>1,492,051,254</b>	<b>100.00%</b>	<b>1,339,686,364</b>

Name of the Entity	For the year ended 31.03.2017 Share in Profit or (Loss)		For the year ended 31.03.2016 Share in Profit or (Loss)	
	As a % of consolidated Profit or (Loss)	Amount - Rs	As a % of consolidated Profit or (Loss)	Amount - Rs
<b>Parent company</b>	168.20%	175,081,100	194.88%	166,864,226
Subsidiaries:				
a) Bamni Proteins Limited	5.47%	5,694,076	12.38%	10,602,781
b) Reva Proteins Limited	-55.79%	(58,077,532)	-81.94%	(70,164,206)
Minority interests in all subsidiaries	-17.88%	(18,606,447)	-25.32%	(21,680,754)
<b>Total</b>	<b>100.00%</b>	<b>104,091,197</b>	<b>100.00%</b>	<b>85,622,047</b>

**2.40.1** As stated in Note 1(a) the financial information of the Associate company K.K Organics Private Limited has not been considered for consolidation purpose, for the reasons stated therein.

**2.40.2** The amounts stated above have been considered from the respective financial statements of the companies, without adjusting the intercompany transactions

2.41 Figures have been rounded off to the nearest rupee. Previous years figures, unless otherwise stated are given within brackets and have re-grouped and recast wherever necessary to be in conformity with current year's layout

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For and on behalf of the Board of Directors

As per our separate report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

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

Place: Kochi  
Date: 09.05.2017

PAUL ANTONY IAS  
Chairman  
DIN : 02239492

RAYMOND MERZ  
Director  
DIN : 07498918

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
Director  
DIN : 03483417

SAHASRANAMAN P.  
Chief Financial Officer

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

G. RAJESH KURUP  
Company Secretary





# DI CALCIUM PH SPHATE

An essential ingredient in poultry feed



## Specifications

Moisture, percent by weight	5% maximum
Phosphorous (as P), percent by weight	17% minimum
Calcium (as Ca), percent by weight	22.5% minimum
Fluorine (as F), percent by weight	0.2% maximum
Acid insolubles, percent by weight	1.0% maximum
Particle size, percent by weight	96% through 100 mesh B.S. sieve
Colour	Near white
Packing	50 kgs. net poly propylene bags with inside LDPE loose liners

## Features

- Low fluorine level.
- High temperature drying and by maintaining acidic pH during processing, the product quality and safety is ensured for use as a poultry feed supplement.
- Fully automated processing totally eliminates impurities and possibility of microbial contamination.
- Fine, free-flowing, powdery from facilities handling and ensures easy and quick dispersion of micro nutrients.
- Low moisture content and absence of fat and protein ensures excellent shelf life for the product.

# Daily dose of 2 spoons Keeps Knee Pain away !



Bioactive  
Collagen Peptides  
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## The 3-month\* wonder ROUTINE with CollagenPep.

# GELIXER<sup>®</sup> CollagenPep<sup>™</sup> For Healthy Joints



- CollagenPep contains Collagen - A proven supplement for joint pain the world over
- CollagenPep helps rebuild cartilage, helps reduce knee & joint pain and improves mobility
- CollagenPep is clinically tested
- Collagen Pep is safe for people with diabetes or high cholesterol

\*For best results, take CollagenPep daily for 3 months @ 2 jars per month  
This is based on independent studies. Product's result may vary from person to person

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