



Nitta Gelatin India Limited

38th Annual Report 2013-14



live life to the fullest



Dear Shareholders



NORIMICHI SOGA
President



Nitta Gelatin has a history dating back to nearly a century with a robust business model built around Gelatin and Collagen. During this period, we have scripted our growth story by successfully turning every adversity which came our way into an opportunity. While the year that has gone by has been difficult, I am confident that Nitta Gelatin India Limited (NGIL) will bounce back to a healthy and profitable growth trajectory. Based on a spirit of empathy and sincerity, we, the members of the Nitta Gelatin family, are committed to the development of our business, contribution to the global community and safeguarding the environment.

The Nitta Gelatin Group, as a leader in Gelatin manufacturing, uses its proprietary technology to bring out superior products and services to its customers across the globe. The group produces healthy, functional and value added products in its state of the art facilities that are safe, reliable and environment friendly. Looking ahead, demand for Gelatin and Collagen can only grow with the rising standard of living of our people that comes with economic growth. In the Asian region, globalization coupled with higher income levels in China, India and elsewhere, would lead to increasing demand for wellness and lifestyle products. We believe that these dynamics will further enhance the demand for the Company's products in the pharmaceutical and health food markets. By honing our business model further and effectively deploying the skills built up over the years, Nitta Gelatin aspires to be a leader in its business domain as a unique global enterprise.

NGIL is poised to play a pivotal role in the future growth of the group. By adhering to the value systems and ethical practices evolved over the years, I firmly believe that NGIL can emerge as a strong player in the industry as we move forward. From my side let me reiterate Nitta Group's commitment to the growth and success of NGIL.

I look forward to your continued support.

Best regards,

Norimichi Soga

Nitta Gelatin Inc.

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



P. H. KURIAN
PRINCIPAL SECRETARY



Another eventful year has passed by and I am happy to share my thoughts with you on the performance and prospects of your company.

The operations of your company were adversely affected during the year under review. The agitation against the operations of the Ossein plant was unfortunate and I believe that the directives of the Hon'ble High Court of Kerala shall pave the way for finding a permanent resolution of the matter. The potential of your Company as a key member of the renowned NITTA Group, in the context of an increasing demand for Gelatin and Collagen Peptide, is indeed promising. The new products on the anvil are unique and complement the existing line of products offering new revenue opportunities.

While we have reasons to be optimistic about the future, we need to work with determination, resolve and resilience to scale new heights. I firmly believe that your company with its dedicated team of employees, enriched with the all round support from the collaborators will make this happen.

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

P. H. Kurian

Industries & IT Department
Government of Kerala
Thiruvananthapuram - 695 001, Kerala



Annual Report 2013-14

BOARD OF DIRECTORS

Chairman	: P. H. KURIAN, IAS
Directors	: NORIMICHI SOGA (KEIJI SUZUKI-Alternate Director)
	T. YAMAKI
	YOSHIFUMI MATSUMOTO
	K. RAMAKRISHNAN
	A. K. NAIR
	K. L. KUMAR
	T. P. THOMASKUTTY

Managing Director : **SAJIV K. MENON**

Secretary : G. R. Kurup

Auditors : Varma & Varma
Ernakulam

Bankers : State Bank of India
Canara Bank
State Bank of Travancore
Axis Bank Ltd.
South Indian Bank Ltd.

Legal Advisors : 1) M. Pathrose Mathai
Senior Advocate, Ernakulam
2) B.S. Krishnan
Senior Advocate, Ernakulam

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

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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.

(Rs. in lakhs)

FINANCIAL HIGHLIGHTS (12 Years)

	2002.03	2003.04	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12	2012.13	2013.14
Total Income	7969.16	9224.71	9961.69	9966.19	13766.42	14585.97	18645.02	19479.94	20638.94	24694.12	30897.61	28936.04
Sales*	7629.65	8601.25	8841.23	9763.86	13119.55	14638.14	18247.75	18940.60	19650.08	23810.08	29714.01	28030.33
Exports (FOB)	4684.77	5260.42	5424.82	6236.79	7968.00	7950.32	10141.82	9476.42	10092.68	13829.03	15620.93	16296.11
Pre-tax Profit / (Loss)	(467.02)	(645.82)	(217.49)	(365.65)	721.83	728.91	2466.38	3076.36	251.45	653.48	2613.01	(731.05)
Profit / (Loss) after tax	(311.05)	(645.82)	(239.72)	(379.65)	592.05	666.07	1501.94	2546.14	189.15	508.08	1558.30	(495.92)
Earnings per share (Rs.)	(3.70)	(7.69)	(2.85)	(4.52)	7.05	7.93	17.88	30.31	2.25	6.05	17.35	(5.47)
Dividend per share (Rs.)	-	-	-	-	1.00	1.50	3.00	6.00	4.00	4.00	4.00	-
Reserves & Retained Earnings	7077.28	6431.46	6191.75	5812.10	6305.88	6776.98	7984.09	9942.52	9739.87	9857.44	11070.49	10634.70
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	907.92
Shareholders' Funds	7917.28	7271.46	7022.83	6630.34	7110.95	7590.66	8824.09	10782.52	10579.87	10697.44	11910.49	11542.62
Return on Equity (%)	(3.93)	(8.88)	(3.41)	(5.73)	8.33	8.77	17.02	23.61	1.79	4.75	13.08	(4.30)
Book Value / Share (Rs.)	94.25	86.57	83.61	78.93	84.65	90.36	105.05	128.36	125.95	127.35	141.79	127.13
Gross Block	10882.23	11028.25	11578.84	11718.26	11632.38	12402.03	13609.38	14336.36	15674.24	16299.51	17106.60	19515.84
Net Block	6955.03	6411.08	6325.73	5777.68	5236.47	5384.24	5756.45	6297.74	6813.56	6867.78	6794.23	8158.60

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

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of Nitta Gelatin India Limited will be held on Friday, the 11th July, 2014 at 10.30 AM, at **Kerala Fine Arts Hall, Fine Arts Avenue, Kochi - 682 016** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2014, Statement of Profit and Loss and the Cash Flow statement for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. T. Yamaki (holding DIN : 02669053), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this connection to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 M/s. Varma & Varma, Chartered Accountants (FRN: 004532S), be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the Annual General Meeting relating to the financial year 2015-16 on a remuneration that may be fixed by the Board of Directors subject however that matter relating to such appointment shall be placed before the succeeding Annual General Meeting for ratification".

SPECIAL BUSINESS:**4. Appointment of Mr. Sajiv K. Menon as Managing Director**

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

"RESOLVED THAT further to the decisions made by the Board of Directors of the Company at its 229th meeting held on 20.12.2013 approving the appointment of Mr. Sajiv K. Menon as Managing Director of the Company and fixing his remuneration under such terms and conditions more specifically detailed hereunder pursuant to Sections 198, 269, 309, 310, 311 and Schedule XIII and such other applicable provisions of the Companies Act, 1956 read with Article 127(1) of the Articles of Association of the Company, the

approval of the Central Government and such other statutory approvals as may be required, the consent and approval of the Company be and is hereby accorded for the appointment of Mr. Sajiv K. Menon as the Managing Director of the Company for a period of 3 years with effect from 01.04.2014, on such terms and conditions including payment of remuneration in the absence of inadequate profits in the respective financial years as minimum remuneration as recommended by the Remuneration Committee and approved by the Board as herein below:

1. Basic Pay
Basic pay will be Rs.2,50,000/- per month as on 01.04.2014 with an annual increment of 10% of the Basic pay.
2. Housing
 - a) Company hired accommodation subject to a ceiling of 50% of Basic Pay. For actual rent payable over and above 15% of salary as per Rule 3 (1) of the Income Tax Rules, a deduction of 15% of such salary shall be made.
 - b) If Company does not provide accommodation, House Rent Allowance @50% of Basic Pay will be paid per month.
3. Personal Allowance
Personal Allowance payable will be Rs. 2,81,981/- per month.
4. Incentive
The maximum incentive payable will be Rs.2,50,000/- per month and minimum Rs.1,00,000/- per month as per the calculations attached.
5. Leave Travel Concession
The Leave Travel Concession payable shall not exceed Rs. 4,00,000/-per annum.
6. Furnishing, Gas, Electricity and Water
Reimbursement of actual expenses incurred on Gas, Electricity, Water and Furnishing subject to an yearly ceiling of 20% of Basic Pay.
7. Medical Benefits
Reimbursement of actual expenses incurred for self and family subject to an yearly ceiling of one month's Basic Pay. Unavailed medical benefit for the previous years will be allowed to be carried forward.

8. Personal Accident Insurance

The annual premium not to exceed Rs.12,000/- to the Company.

9. Leave and Leave Encashment.

On full Basic Pay not exceeding 30 days for every completed year of service. At the end of the tenure, unavailed leave will be allowed to be encashed on the basis of last drawn Basic Pay.

10. Entertainment Expenses

Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to an yearly ceiling of 10% of Basic Pay.

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, 2014.

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

5. Approval of General Information furnished under Section II of Part II of Schedule XIII to the Companies Act, 1956.

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

“RESOLVED FURTHER THAT for the payment of minimum remuneration in the context of inadequacy of profits for the financial year 2013-14 in respect of Mr. G. Suseelan, erstwhile Managing Director of the Company for the period 2013-14, necessary General Information as required under Part II of Section II of Schedule XIII to the Companies Act, 1956 furnished herein below be approved”.

6. Payment of Leave Travel Concession (LTC) to Mr. G. Suseelan, erstwhile Managing Director.

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

RESOLVED THAT further to the decisions made by the Board of Directors of the Company at its 230th meeting held on 07.02.2014 pursuant to Section 310 of the Companies Act, 1956 read with applicable provisions of the Articles of Association of the company and approval of the Central Government if required, the terms and conditions of reappointment of the erstwhile Managing Director, Mr. G. Suseelan approved by the General Body at its meeting dated 05.07.2013, where it reads: “return passage for self and family once in a year by air by business class to any place subject to a limit of expenses to Rs 1,50,000/- per person”, be substituted and read as follows:

“An amount not exceeding Rs.1.50 Lakhs per person per year for self and wife shall be payable as LTC with effect from 01.04.2010 onwards, after adjusting the amount utilized for each year in respect of LTC, if any and the same shall be carried forward for subsequent years without lapse and the amount remaining unpaid at the time of retirement shall be paid against a written request from Mr. G. Suseelan, Managing Director (erstwhile)”

By Order of the Board,

Kochi
09.05.2014

G.R. Kurup
Company Secretary

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the aforesaid Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll on his behalf and a proxy need not be a member.** The proxy forms duly completed, stamped and signed must be deposited at the registered office of the company not less than forty-eight hours before the meeting.
3. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Bank carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. As per Section 205A and 205C of the Companies Act 1956 and / or relevant corresponding provisions of the Companies Act 2013 any Dividend remaining unpaid and unclaimed at the end of 07th year from the date of transfer to the unpaid dividend account, shall be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the dividend paid during the year 2006-07 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 23rd July, 2014. Any shareholder whose dividend for the year 2006-07 remaining unclaimed, may immediately write to the Company with details.
5. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
6. The share transfer register of the company shall remain closed for AGM from **09-07-2014 to 11-07-2014 (both days inclusive)** as per Listing Agreement entered with Stock Exchanges.
7. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agents at their address as given below in the case of physical holdings and to their respective Depository Participant in case of demated shares.
8. The Company has appointed M/s Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agents of the Company to deal with the physical as well as electronic share registry.
9. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.
10. 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.
11. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in electronic/ demat form. Those members who have not yet converted their holdings into the electronic form may please consider opening an account with an authorised Depository Participant and arrange for dematerialisation.
12. **Members attending the Annual General Meeting are requested to invariably bring with them a PHOTO IDENTITY CARD and the ATTENDANCE SLIP sent along with the Annual Report.**
13. In accordance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to facilitate e-voting and for security and enabling the members to cast their vote in a secure manner. Please note that the voting through electronic means is optional.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".
The EVSN of the company is 140604007.
 - (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

(v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used. If you are a first time user follow the steps given below.

(vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the default alphanumeric: **RAK2376895**, in the PAN field.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the default number : **002002661494** in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant EVSN on which you choose to vote.
- (xi) 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.

- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) 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. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) **The voting period begins on 05-07-2014 (9.00 A.M) and ends on 07.07.2014 (6.00 P.M.).** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e 06.06.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

- (D) The results of voting will be announced at Registered Office of the Company by the Chairman of the meeting at the Annual General Meeting to be held on 11-07-2014. The result of the voting will be hosted on the website of the Company www.gelatin.in on 12-07-2014.
- (E) The Company has appointed CS Jayan .K, Practicing Company Secretary, Partner, SVJS & Associates, Company Secretaries, Kochi as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
- (F) A copy of this notice has been placed on the website of the Company and website of CDSL.

EXPLANATORY STATEMENT

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

Item No: 4 - Appointment of Mr. Sajiv K. Menon as Managing Director

Mr. Sajiv K. Menon, AJ - 13 (New No 16), 5th street, 10th Main Road, Anna Nagar West, Chennai – 600 040, was nominated by Nitta Gelatin Inc., Japan as per the terms of Joint Venture Agreement among the promoters of the Company and Article 127(1) of the Articles of Association of the Company, as Managing Director of the Company. The Remuneration Committee on consideration of nomination, had recommended to the Board to consider his appointment as Managing Director. Accordingly, the Board at their 229th meeting dated 20.12.2013, had appointed Mr. Sajiv K. Menon as Managing Director of the Company for a period of three years with effect from 01.04.2014 pursuant to Sections 198, 269, 309, 310, 311 and Schedule XIII and such other applicable provisions of the Companies Act, 1956 and in terms of Article 127 (1) of the Articles of Association of the Company, the approval of the Central Government and such other statutory approvals as may be required subject to the confirmation and approval of members at their meeting on such terms and conditions as are detailed in the corresponding Resolution.

The appointment by the Board of Directors was made pursuant to the then provisions of Sub Para C Section II Part II Schedule XIII of The Companies

Act, 1956, since the company had no profits / inadequate profits. As per the proviso inserted after the fourth proviso to Schedule XIII of the Companies Act, 1956 in Part II, Section II, sub-para C vide notification GSR. 534 (E) dt 14.07.2011, no approval of Central Government was required if the managerial person was not having any interest in the capital of the Company or its holding Company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the Company or its holding Company at any time during the last two years before or on the date of appointment and is having a graduate level qualification with expert and specialized knowledge in the field of his profession. Mr. Sajiv K. Menon is possessing adequate qualification and specialized knowledge in the field of his profession and is not having any interest in the capital of the Company or its holding Company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the Company or its holding Company at any time during the last two years before or on the date of appointment. Further, the other general conditions in para (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956 are also complied with. Therefore, in accordance with the above, the approval of the Central Govt. is not required for the payment of managerial remuneration to Mr. Sajiv K. Menon on such terms and conditions as are detailed in the corresponding resolution, even in the event of inadequacy of profits.

The appointment of Mr. Sajiv K. Menon as Managing Director for a period of three years with effect from 01.04.2014 and the terms and conditions thereof were informed to shareholders as per the Abstract dated 21.12.2013 as envisaged under Section 302 of the Companies Act, 1956. Accordingly, Mr. Sajiv K. Menon has since joined as Managing Director of the Company w.e.f 01.04.2014. Since the Company continue to be inadequate in profit/no profit, the motion is proposed as a Special Resolution with the following additional information as envisaged under Law.

Except Mr. Sajiv K. Menon, no other Director is concerned or interested in this resolution.

Incentive formula referred to at item 4 of the terms and conditions of Appointment:

Incentive Criteria	Achievement in %	% of Incentive	Amount/pm	Achievement in %	% of Incentive	Amount/pm	Achievement in %	% of Incentive	Amount/pm	Achievement in %	% of Incentive	Amount/pm	Achievement in %	% of Incentive	Amount/pm
Actual consolidated Net Profit before Tax in current period as compared to that as per Board Budget for the same period	Upto 50%	50.00	75,000	50.01 to 80%	62.50	93,750	80.01 to 100%	75.00	112,500	100.01 to 110%	100.00	150,000	Above 110.01%	125.00	187,500
Increase in Total Revenue (consolidated) in current period compared to corresponding pryr period	Upto 5%	16.67	25,000	5.01 to 7.50%	20.83	31,250	7.51 to 10%	25.00	37,500	10.01 to 15%	33.33	50,000	Above 15.01%	41.67	62,500
Total		66.67	100,000		83.33	125,000		100.00	150,000		133.33	200,000		166.67	250,000

I GENERAL INFORMATION

- Nature of Industry:** The Company is a manufacturer of Ossein, Gelatin and Collagen Peptide.
- Date or expected date of commencement of commercial production:** The company was incorporated on 13/04/1975. Commercial production started on June 1979.
- In case of new companies, expected date of commencement of activities as per project approved by the financial institution appearing in the prospectus:** N.A
- Financial Performance based on given indicators:**

(Rs.in lacs)

Particulars	2012-13	2013-14
Sales	30622	28924
Net Profit / (Loss) after tax	1558	(496)

- Export performance and net foreign exchange collaborations:**

(Rs.in lacs)

Year	Export Sales	Forex Earnings
2012-13	15881.50	15620.93
2013-14	16440.14	16296.10

- Foreign investment or collaborators, if any:** Foreign collaboration of Nitta Gelatin Inc., (NGI), Japan, a leading global Gelatin manufacturer. NGI holds 42.96% in the equity of the company.

II INFORMATION ABOUT THE APPOINTEE

- Background details :** Mr. Sajiv K. Menon is a B. Tech (Chemical Engineering) , REC Trichi (1980 - University 3rd Rank Holder) and PGDM (Finance and Marketing), IIM Bangalore, besides being a Fulbright Scholar at Carnegie Mellon University, US. He started his career in the year 1980 as a Project Engineer in Grindwell Norton Limited (Abrasive Industry) before joining ONGC, Dehradun as an Executive Assistant to Chairman and Member in the year 1984. Later with Aruna Sugars Limited from the year 1986 to 1997, he worked starting as an Assistant Manager (Projects) and was their Dy. GM (Diversification and Planning) at the time of his resignation. Thereafter he worked with Murugappa Group (A 225 Billion Group) in various capacities from the year 1997 till he became CEO and Business Head of the business of Bio and Nutraceuticals products of EID Parry (India) Limited. Mr. Sajiv K. Menon brings with him the above experience and expertise while now joining as Managing Director of Nitta Gelatin India Limited.
- Past remuneration drawn (FY 2012-13):** Rs. 1 Crore p.a.
- Recognition/Awards/Achievements:** A third rank holder from REC, Trichy, in B.Tech (Chemical Engineering). Also a FulBright Scholar at Carnegie Mellon University, US, a global research University.

4. **Job Profile and his suitability:** Mr. Sajiv K. Menon exercises substantial executive power, under the control and direction of the Board of Directors of the company. He is responsible for overall operations and working affairs of the company. He is managing under his direct control, the core departments of the company viz. production, marketing, finance, R&D, information technology, human resource development and materials. Considering his academic credentials and successful tenure with a premier organization and hands on experience in bio & nutraceutical products, he is best suited for the responsibility as Managing Director of the company.
5. **Remuneration proposed:** The remuneration payable is outlined in the corresponding resolution itself.
6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The proposed remuneration is at par with the similar designated/positioned executives in the industry.
7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Mr. Sajiv K. Menon does not have any other direct or indirect pecuniary relationship with the Company or relationship with any managerial personnel.

III OTHER INFORMATION

1 Reasons of loss or inadequate profits:

During the financial year ended 31.03.2014, the Company has registered a net loss on account of the following factors:

- a. Interruption and stoppage of production at the Ossein Plant of the Company at Kadukutty Panchayath, Trichur District, for around seven months during the financial year on account of agitations alleging totally baseless reasons such as pollution etc. This plant being the mother plant catering to the requirements of our Gelatin Plant, the impact of such a prolonged interruption of production had caused a serious drain on the revenues of the Company.
- b. Apart from the revenue losses on account of the aforesaid agitations, the Company had to incur additional expenditure to manage the situation at the Ossein plant which has again caused a decline in the profitability.

- c. The main raw material for the Company, crushed animal bone has witnessed a significant increase in price during the financial year 2013-14. During the available time the entire impact of such an increase in raw material cost could not be passed on to the customers in view of the stiff market competition and the nature of trade prevailing in the industry.
- d. Decline in the quality of crushed bone was also a matter of serious concern which in turn had also caused serious inroads into the product quality and yield eventually affecting the profitability adversely.

2. Steps taken / proposed to be taken for improvement:

In the writ petition filed by the Company on the agitations against the Ossein plant, the Hon'ble High Court of Kerala have decreed for the smooth functioning of the Ossein plant, effective police protection and directions for the agitators against causing obstructions for the smooth functioning of the Company / damage to its installations, pipes and other properties. The Hon'ble Court has also directed the National Environmental Engineering Research Institute (NEERI), a constituent laboratory of the Council of Scientific and Industrial Research, Govt. of India to conduct a detailed study into the pollution status with respect to air, water and solid waste generated from the Ossein plant and the adequacy and efficacy of the pollution control measures installed by the Company. Company is also under directions to implement the recommendations, if any made by NEERI in this regard within the time limit specified. Based on the above directives of the Hon'ble Court the Ossein plant has resumed normal operations since December 2013 onwards.

The Company has already set up exclusive pre-processing centres for crushed bone, the major raw material with a view to improve its quality as well as to clean it adequately so that the ultimate product quality and yield gets improved. This in turn is expected to improve the sales realization of the Company's products to such levels that can more than offset the increase in crushed bone price.

Apart from the above, the Company is channelizing its efforts for diversification into other value added products besides optimizing the cost of its operations without compromising on product quality and effective management of environment.

With the above steps together with a stringent negotiation on selling price with our customers, the profitability of the Company is expected to improve substantially.

3 **Expected increase in productivity and profit in measurable terms:**

Based on the assumptions and estimates made, the Company is expected to make a net profit after tax of Rs. 1538.96 lakhs during the financial year 2014-15.

IV **DISCLOSURE**

1. A draft resolution and detailed explanatory statement about the appointment and terms and conditions thereof of Mr. Sajiv K. Menon is presented under the Notice convening the ensuing Annual General Meeting.
2. The details regarding remuneration package etc., of all other directors, are produced in the Corporate Governance Report, annexed to the Directors' Report.

Item No. 5 - Approval of General Information furnished under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. G. Suseelan, erstwhile Managing Director of the Company was re-appointed as the Managing Director of the Company for a period of 3 years beginning 01.04.2011 upto 31.03.2014 in the 35th Annual General Meeting of the company held on 14.06.2011. However, the terms and conditions of his re-appointment as Managing Director w.e.f. 01.04.2010 were approved for a period of only 3 years upto 31.03.2013 as per the provisions of Schedule XIII of the Companies Act, 1956 in the context of inadequacy of profits prevailing at that time. Thus while the period of re-appointment is to run a period of 3 years ending 31.03.2014; the corresponding approval for terms of appointment was running a period only upto 31.03.2013. Hence the terms and conditions of his re-appointment already approved in the 35th Annual General Meeting for a period of 3 years w.e.f. 01.04.2010 was extended for a further period of one year from 01.04.2013 to 31.03.2014, in order to be co-extensive with the period of appointment, by the Annual General Body at their meeting held on 5th July, 2013. At the time of proposing the resolution as above on 05.07.2013, the Company had adequate profits and hence no General information as per Schedule XIII was furnished in the Notice to the General Meeting. However, during the

financial year 2013-14, the operating results of the Company had turned negative for reasons beyond control thereby creating a situation wherein the total managerial remuneration for the said period to the Managing Director had to be made in compliance with Section II, Part II of Schedule XIII of the Companies Act, 1956. The amount of managerial remuneration paid to Mr. G. Suseelan for the financial year 2013-14, as already approved by the shareholders in their 37th meeting held on 5th July, 2013 amounted to Rs.45,92,060/- (excluding contribution to Provident Fund, Gratuity and Leave Salary encashable on retirement). As per the proviso inserted after the fourth proviso to Schedule XIII of the Companies Act, 1956 in Part II, Section II, sub-para C vide notification GSR. 534 (E) dt 14.07.2011, no approval of Central Government was required if the managerial person is not having any interest in the capital of the Company or its holding Company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the Company or its holding Company at any time during the last two years before or on the date of appointment and is having a graduate level qualification with expert and specialized knowledge in the field of his profession. Mr. G. Suseelan was possessing adequate qualification and specialized knowledge in the field of his profession and was not having any interest in the capital of the Company or its holding Company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the Company or its holding Company at any time during the last two years before or on the date of appointment. Therefore, in accordance with the above, the approval of the Central Govt. is not required for the payment of managerial remuneration to Mr. G. Suseelan as above, even in the event of inadequacy of profits. However, the other procedural requirements were to be conformed to. Accordingly, the General Information as required under Para (C), Part II, Section II of Schedule XIII of the Companies Act, 1956 are furnished alongwith the explanatory statement to Resolution No.6 hereunder.

Item No. 6 - Payment of Leave Travel Concession (LTC) to Mr. G. Suseelan, erstwhile Managing Director.

The terms and conditions of reappointment of Mr. G. Suseelan w.e.f 1.4.2010 approved by

the members of the company in their 35th General Meeting held on 14.6.2011 included the following clause on availment of LTC:

“return passage for self and family once in a year by air by business class to any place subject to a limit of expenses to Rs. 1,50,000/- per person”.

During his tenure, serious issues erupted at Ossein Division of the company and the presence of the Managing Director was very much essential throughout at office during these years. Such a situation acted as a constraint for Mr. G. Suseelan to avail LTC as per his eligibility. Rather, he could avail only a very minor portion of his eligible LTC. Out of the total LTC eligibility of Rs. 12 Lakhs from 01.04.2010 to 31.03.2014 (at the rate of Rs. 1.50 Lakhs /annum per person for him and his wife), he had availed only Rs.2.67 Lakhs during the period, leaving an unavailed amount of Rs. 9.33 Lakhs. In view of his retirement from service on 31.03.2014, Mr. G. Suseelan had requested for availment of the said amount of Rs. 9.33 Lakhs which meant an amendment of the aforesaid clause governing LTC eligibility.

Since the amendment would mean review of the decision already taken by shareholders regarding LTC eligibility, the Board of Directors at their meeting dated 07.02.2014 on a recommendation by the Remuneration Committee had resolved to propose before the General Body of Shareholders, an amendment to the existing clause on LTC forming part of terms and conditions of re-appointment of Mr. G. Suseelan, to enable him on a request, to be paid the balance unavailed portion of LTC in cash.

Since the Company continues to be inadequate in profit/ no profit, the motion is proposed as a Special Resolution alongwith the General Information herein below given. As it amounts to an amendment to the terms and conditions of the Resolution passed by the General Meeting relating to payment of LTC, which purports to an increase in remuneration, the approval of the Central Government may be required to be obtained under Section 310 of the Companies Act, 1956 to the extent such increase is not in conformity with the provisions of Schedule XIII of the said Act. None of the Directors is concerned or interested in this resolution.

I GENERAL INFORMATION

- (1) **Nature of Industry :** The Company is a manufacturer of Ossein, Gelatin and Collagen Peptide.
- (2) **Date or expected date of commencement of commercial production:** The company was incorporated on 13/04/1975. Commercial production started on June, 1979.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by the financial institution appearing in the prospectus:** N.A
- (4) **Financial Performance based on given indicators:**

(Rs.in lacs)

Particulars	2012-13	2013-14
Sales	30622	28924
Net Profit / (Loss) after tax	1558	(496)

- (5) **Export performance and net foreign exchange collaborations:**

(Rs.in lacs)

Year	Export Sales	Forex Earnings
2012-13	15881.50	15620.93
2013-14	16440.14	16296.10

- (6) **Foreign investment or collaborators, if any:** Foreign collaboration of Nitta Gelatin Inc., (NGI) Japan, a leading global Gelatin manufacturer. NGI holds 42.96% in the equity of the company.

II INFORMATION ABOUT THE APPOINTEE

1. **Background details:** Mr. G. Suseelan is a Bachelor of Engineering(1972) and a Master of Business Administration (1993). He joined the company as a Project Engineer in the year 1975. He was associated with the setting up of the Plant for Ossein and Dicalcium Phosphate. He also headed the team for setting up the Gelatin plant and Collagen Peptide Plant at Cochin. He worked in several levels and across various departments, as Production Engineer (1979), Dy. Works Manager(1985), Deputy General Manager(1993), General Manager of Gelatin Division(1997), and was elevated as Executive Director(Operations & Materials) in the year 2001, Director(Operations) in the year 2005 with

Board participation, and finally as Managing Director in the year 2008. The Company has during the year 2010-11 implemented the SAP ERP system. Mr. Suseelan was instrumental in receiving ISO 9002 Certification in the year 1999, EDQM Certification in the year 2002, Certification under the European Union Regulations and ISO 14001. During his tenure as Managing Director, the company diversified from B-2-B segment to retail marketing through production and marketing of Collagen Peptide and also Nutrigold.

2. **Past remuneration drawn (FY 2012-13):** Rs.39.98 Lakhs p.a.
3. **Recognition/Awards/Achievements:** Mr. G. Suseelan is the recipient of Outstanding Chemical Engineers Award by the Indian Institute of Chemical Engineers. He has also been trained in Japan in Technical and Management areas.
4. **Job Profile and his suitability:** Mr. G. Suseelan exercised substantial executive power, under the control and direction of the Board of Directors of the company. He was responsible for overall operation and working affairs of the company. Considering his experience and ability to skillfully coordinate all the departments for the growth of the company, he was best suited for the responsibility as Managing Director of the company.
5. **Remuneration proposed:** The remuneration paid to Sri. G. Suseelan as detailed in the explanatory statement to Resolution No.5 for the period 1.4.2013 to 31.3.2014 amounts to Rs.45,92,060/-. In addition to the above, amount of LTC proposed to be paid in accordance with Resolution No.6 amounts to Rs. 9.33 Lakhs as outlined in the corresponding Explanatory Statement to the Notice for AGM.
6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The proposed remuneration is comparatively lower than the similar designated/positioned executives in the industry.
7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Mr. G. Suseelan does not have any other direct or indirect pecuniary relationship with the management.

III OTHER INFORMATION

1. Reasons of loss or inadequate profits:

During the financial year ended 31.03.2014, the Company has registered a net loss on account of the following factors:

- a. Interruption and stoppage of production at the Ossein Plant of the Company at Kadukutty Panchayat, Thrissur District, for around seven months during the financial year on account of agitations alleging totally baseless reasons such as pollution, etc by a group of activists. This plant being the mother plant catering to the requirements of our Gelatin Plant also, the impact of such a prolonged interruption of production had caused a serious drain on the revenues of the Company.
 - b. Apart from the revenue losses on account of the aforesaid agitations, the Company had to incur additional expenditure to manage the situation at the Ossein plant which has again caused a decline in the profitability.
 - c. The main raw material for the Company, crushed animal bone witnessed a significant increase in price during the financial year 2013-14. During the available time, the entire impact of such an increase in raw material cost could not be passed on to the customers in view of the stiff market competition and the nature of trade prevailing in the industry.
 - d. Decline in the quality of crushed bone was also a matter of serious concern which in turn had also caused adverse repercussions on product quality and yield eventually affecting the profitability adversely.
2. **Steps taken / proposed to be taken for improvement:**

In the writ petition filed by the Company on the agitations against the Ossein plant, the Hon'ble High Court of Kerala have decreed the smooth functioning of the Ossein plant, effective police protection and directions for the agitators against causing obstructions for the smooth functioning of the Company / damage to its installations, pipes and other properties. The Hon'ble Court has also directed the National Environmental Engineering Research Institute (NEERI), a constituent laboratory of the Council of Scientific and Industrial Research, Govt. of India to conduct a detailed study into the pollution status with respect to air, water and solid waste generated from the Ossein plant and the adequacy and efficacy of the pollution

control measures installed by the Company. Company is also under directions to implement the recommendations, if any made by NEERI in this regard within the time limit specified. Based on the above directives of the Hon'ble Court, the Ossein plant has resumed normal operations since December 2013 onwards.

The Company has already set up exclusive pre-processing centres for crushed bone, the major raw material with a view to enhance its quality as well as to clean it adequately so that the ultimate product quality and yield gets improved. This in turn is expected to improve the sales realization of the Company's products to such levels that can more than offset the increase in crushed bone price.

Apart from the above, the Company is channelizing its efforts for diversification into the production of other value added products besides optimizing the cost of its operations without compromising on product quality and effective protection of environment.

With the above steps together with a stringent negotiation on selling price with our customers, the profitability of the Company is expected to improve substantially.

3. **Expected increase in productivity and profit in measurable terms:**

Based on the assumptions and estimates made, the Company is expected to make a net profit after tax of Rs. 1538.96 lakhs during the financial year 2014-15.

IV DISCLOSURE

The details regarding remuneration package etc., of all other Directors, are produced in the Corporate Governance Report, annexed to the Directors' Report.

By Order of the Board,

Kochi
09.05.2014

G.R Kurup
Company Secretary

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT/APPROVAL OF TERMS & CONDITIONS IN THE FORTHCOMING ANNUAL GENERAL MEETING (in pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges)

Name	Sajiv K Menon	T. Yamaki
Age (Years)	54	54
Nationality	Indian	Japanese
Qualification	B.Tech, Chemical Engineering PGDM(Finance & Marketing), IIM, Bangalore, besides a Fulbright scholar at Carnegie Mellon University, US	Engineer
Expertise	32 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 positions.	Long tenure with Nitta Gelatin Inc., Japan. Till recently working as General Manager, Gelatin Division at NGI, Japan; now re-designated as Managing Executive Officer in charge of Nitta Gelatin India Ltd
Other Directorships excluding Foreign Companies	Bamni Proteins Limited Reva Proteins Limited	Bamni Proteins Limited

DIRECTORS' REPORT

To
The Shareholders,

Yours Directors have pleasure in presenting the 38th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Sales (including export incentives and net of Excise Duty & VAT)	289.24	306.22
Other Income	0.12	2.76
TOTAL	289.36	308.98
Gross Profit before Depreciation	3.32	35.87
Deducting therefrom:		
Depreciation	10.63	9.74
Provision for Tax -		
- Current Tax	-	9.37
- Deferred Tax	(2.97)	0.03
- Prior years	0.62	1.15
Profit / (Loss) after Tax	(4.96)	15.58
Balance Profit / (Loss) available for Appropriation	(4.96)	15.58
Appropriations:		
Interim Dividend	-	3.36
Tax on Dividend	-	0.57
Transfer to General Reserve	-	1.56
Profit brought forward from previous year	17.86	7.77
Balance Profit carried to Balance Sheet	12.90	17.86

In view of the losses suffered by the Company during the year, your Directors' regret their inability to recommend any dividend for the year.

AUTHORISED SHARE CAPITAL

The Authorised share capital of the Company was enhanced from Rs. 10 crores to Rs. 20 crores during the year comprising of 2 crore Equity Shares of face value Rs. 10/- each.

RESERVES

Reserves as on 31.03.2014 comprised of Security Premium Reserve Rs. 2895.90 lakhs, Capital

Investment Subsidy Rs. 15.00 lakhs, Special Export Reserve Rs. 79.00 lakhs, General Reserve Rs. 6354.64 lakhs and credit balance in Profit & Loss Account Rs. 1290.16 lakhs aggregating to Rs. 10634.70.

PERFORMANCE

Your Company is operating an Ossein plant at Koratty, Trichur District, Kerala for the past thirty five years. This plant manufactures Ossein for export as well as for captive consumption in our Gelatin plant at Ernakulam District, Kerala. The Ossein and Gelatin plants of the company are being operated strictly in compliance with all the

standards / directives prescribed by the statutory authorities including the State Pollution Control Board. The Kadukutty Panchayat in Trichur District, where the Ossein plant is situated, has not renewed our factory licence for the year commencing from 01.04.2011 onwards without any valid reason. Therefore the Company moved the Hon'ble High Court of Kerala seeking renewal of factory licence. The matter is currently pending before the said court and the unit is in operation.

There was an incidence of a few dead fish being found in Chalakkudy river in the vicinity of our Ossein plant during end May, 2013. A group of activists have alleged that the said fish death is on account of the pollution caused due to the discharge of poisonous effluents by our Ossein plant into the river. As a fall-out of this false propaganda, a series of demonstrations, hartal, etc. were staged against the Ossein plant. The agitating group also blocked both the in-bound and out-bound pipelines thereby restricting the flow of inlet water and treated effluent from the plant. Moreover, they often blocked the free movement of men and materials as well. Throughout this period, the Company has moved all the concerned authorities to reach an amicable solution for this totally baseless agitation. In the writ petition filed by the Company in this regard, the Hon'ble High Court of Kerala vide their order dated 03.12.2013 decreed the smooth functioning of the Ossein plant, effective police protection and directions to the agitators against causing obstructions for the smooth functioning of the Company / damage to its installations, pipes and other properties. The Hon'ble Court has also directed the National Environmental Engineering Research Institute (NEERI), a constituent laboratory of the Council of Scientific & Industrial Research, Govt. of India to conduct a detailed study into the pollution status with respect to the Air, Water and Solid waste generated from the Ossein plant and the adequacy and efficacy of the pollution control measures installed by the Company. Your Company is also under directions to implement the recommendations made by NEERI, within the time limit to be specified in this regard. The said study by NEERI is currently going on and the report of their study is awaited. Based on the directives of the Hon'ble Court, the Ossein plant has resumed normal operations from end Dec' 2013 onwards.

The aforesaid interruptions at Ossein Division has reasoned about 30% reduction in production of both Ossein and Dicalcium Phosphate. On account

of the shortage of production of Limed Ossein at Ossein Plant, the raw material for Gelatin, there was a decline in production at Gelatin Division also. As a fall-out of the above, the gross revenue from operations has declined by 5.53% from Rs. 314.61 crores in 2012-13 to Rs. 297.23 crores in 2013-14.

In USD terms, the price realization for normal Ossein during 2013-14 was lower by 4% from the previous year. In respect of Gelatin, the average export price during the year has gone up by 6% in USD terms compared to previous year. USD/ INR Exchange rate movement for the year under review was favourable for the Company. Gelatin domestic sales realization has also witnessed an increase of 14% over the previous fiscal. For Collagen Peptide, there has been an increase of 9% in sales realization. DCP prices witnessed a decline of 1% during the year from the previous financial year.

Almost all the major Gelatin manufacturers in the country were operating to their full capacities during 2013-14 resulting in high demand for crushed bone. Besides, Meat-cum-Bonemeal, a product out of cattle bone, used as a poultry feed ingredient, was also in good demand during the period. This in turn has resulted in considerable quantity of crushed bone being diverted for the production of Meat-cum-Bonemeal further increasing the demand for crushed bone. These factors have resulted in the market price for crushed bone moving up by almost 23% during 2013-14. Apart from the poor economies of operating the Ossein plant at below-normal capacities and the incremental costs associated with crushed bone price escalation, the company had to incur additional expenditure on repairs and maintenance to comply with the various customer audit requirements, strengthening security in the wake of agitations against Ossein Division, loss on account of forward exchange contracts, etc. which together caused the Company to post a pre-tax net loss of Rs. 731.05 lakhs during 2013-14 as against a pre-tax net profit of Rs. 2613.01 lakhs during 2012-13.

There is appreciable demand for all the products of the company both in the export and domestic markets. The entire sale of Ossein was for exports and in the case of Gelatin, 54% of the total sales were for export to around 30 countries. The regular demand for the products give credence to your company's ability to keep growing in the competitive Gelatin / Collagen Peptide market

as we continuously respond to the changes in customer preferences.

BONUS ISSUE & SHAREHOLDERS RESOLUTIONS

During the year under review, the Company has made the following issue of shares as resolved by the members in the Extraordinary General Meeting (EGM) held on 29.05.2013 to comply with the minimum public shareholding requirement of 25% as per the Securities Contract (Regulation) Rules, 1957 for listed companies:-

- (a) 100,000 equity shares were issued under an Employee Stock Purchase Scheme.
- (b) 579,160 equity shares were issued as bonus shares in the ratio 1:3 to the shareholders except the promoters and promoter group in terms of clause 40A(ii)(f) of the Equity Listing Agreement.

Accordingly, your company has achieved a public shareholding of 25.52% in due compliance of the minimum public shareholding requirement.

Just prior to the allotment of bonus shares as above, M/s. Kerala State Industrial Development Corporation Ltd., one among the two promoters has informed the company that they are not in a position to forego their entitlement of equity shares issued pursuant to a bonus issue and that they should also be allotted bonus shares. Based on such stand by M/s. Kerala State Industrial Development Corporation Ltd., the other promoter, M/s. Nitta Gelatin Inc., Japan also requested for issue of equity shares to them as well pursuant to the bonus issue. On the basis of the above and on the recommendation of your Directors, the following resolutions were passed by the shareholders in the EGM held on 24.08.2013:-

- a. Issue of bonus shares in the ratio 1:3 to the promoters of the company in partial modification of the resolution passed in relation to the issue of bonus shares to public shareholders only, as approved in the EGM held on 29.05.2013 subject to such approvals and sanctions as may be required.
- b. Issue of 696,667 equity shares of the company under an Employee Stock Purchase Scheme.

On an application preferred by the company for listing of the aforesaid shares being issued, Bombay

Stock Exchange has sought for a condonation from the Securities & Exchange Board of India (SEBI) on the delay in issue of bonus shares beyond the period of two months prescribed as per Regulation 95 (1) of the SEBI ICDR. However, SEBI vide their letter dt. 14.02.2014 has declined to grant condonation for the said delay on the stated reason that it can adversely affect the interest of the investors, including those who have traded based on the resolution passed in the EGM held on 29.05.2013. An appeal filed by the Company against the said order of SEBI is now pending before the Securities & Appellate Tribunal (SAT) and further action on implementation or otherwise of the resolution has to await the outcome of the said appeal proceedings. In the above situation, the resolution for issue of bonus shares to promoters taken at the EGM held on 24.08.2013 could not be acted upon by the company so far.

In the explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 forming part of the notice for EGM held on 24.08.2013 wherein the issue of 696,667 equity shares under an Employee Stock Purchase Scheme was put up for approval by the shareholders, it was mentioned that the said scheme is being proposed to meet the minimum public shareholding requirement after the proposed issue of bonus shares to both the promoters. As the issue of bonus shares to promoters is the subject matter of litigation in Appeal before SAT, the linked Employee Stock Purchase Scheme also has to await final outcome of the SAT proceedings to consider further action. In the above circumstances, the company could not act upon the resolution of members for the issue of 696,667 equity shares under the Employee Stock Purchase Scheme.

The applicable disclosures as on 31st March, 2014 in respect of 1,00,000/- equity shares issued under the Employee Stock Purchase Scheme, based on the decision in the EGM held on 29.05.2013, as stipulated under the SEBI guidelines are given below:-

a) The details of the number of shares issued in ESPS	-	1,00,000 equity shares of face value of Rs. 10/- each
b) The price at which such shares were issued	-	Rs. 50/- per share
c) Employee-wise details of the shares issued to:-		

(i) Senior Managerial personnel		
- Other Management Staff (including Directors)	-	60026 shares
(ii) Any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year.	-	NIL
(iii) Identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the company at the time of issuance.	-	NIL
d) Basic / Diluted earnings per share pursuant to issue of shares under ESPs	-	Rs.(5.47)
e) Consideration received against the issuance of shares	-	Rs. 50,00,000/-

Lifting of Lock-in period

1,00,000 equity shares issued under the Employee Stock Purchase Scheme as decided in the EGM held on 29.05.2013 carried an initial lock-in period of one year from the date of allotment as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. On the advice received from Bombay Stock Exchange, the Company has released the aforesaid Lock-in period of one year.

AWARDS & ACCOLADES

Your company received the top export award in Ossein & Gelatin panel instituted by CAPEXIL for the year 2011-12.

The following are the noteworthy certifications retained by your company.

- European Directorate for the Quality of Medicines & Health (EDQM) Certificate for Gelatin Division
- HACCP Certificate for Ossein Division and Gelatin Division for food safety.
- ISO 14001:2004 for Gelatin Division for Environment Management System
- ISO 9001 for Quality Management System of the Company.
- Halal / Kosher Certification for Gelatin and Collagen Peptide
- NABL Accreditation for in-house laboratory

HEALTH, SAFETY AND ENVIRONMENT

Compliance with relevant regulations and effective management of the systems in existence are an integral part of the Company's operating philosophy and we stand committed to continually improve on these objectives. There was considerable focus on improving health, safety and environment during the year by the Company.

1. Health and Safety

The company is committed to promote the health and safety of its employees. The Company has a Safety Committee which meets regularly to review the issues impacting plant safety and employee health. Regular health check-up of employees is carried out by a reputed hospital. The Company has made good progress in the area of process safety with no accidents being reported during the year.

2. Environment

Your company continuously endeavours to improve on environmental management. Through all our activities, we demonstrate our commitment to protect our environment. All our factories are equipped with state of the art waste water treatment plants. The quality of treated water from the waste water treatment plant is well within the norms laid down by the Pollution Control Authorities. The emission from the boilers and generator stacks are monitored regularly. With the commissioning of the biogas regenerator at our Ossein Plant, the raw effluents from production are now being converted into bio-gas. Water recycling and water reuse are activities regularly pursued and improved upon by the Company, with specific targets.

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. Equally effective measures are being taken at our Gelatin plant also to safeguard the environment.

Out of the total plot area of approximately 1,53,900 sq. metres., about 10,000 sq. metres of land around the boundary of Gelatin Division and about 38,000 sq. metres of land in Ossein Division have been allocated and maintained as green area.

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

CORPORATE SOCIAL RESPONSIBILITY

K. T. Chandy – Seiichi Nitta Foundation, the charitable trust promoted by the Company to support our social initiatives has contributed generously for various welfare schemes aimed mainly at the upliftment of the rural economically backward communities around our factories.

During the year under review, many schemes aimed at enhancing the welfare of the people in and around the localities where the Ossein Plant and Gelatin Plant of the Company are situated have been implemented. Drinking water / lift irrigation schemes for providing water for drinking and agriculture were commissioned in different locations thereby reducing the scarcity of water. Training programmes in various subjects for students, financial assistance and support for BPL people, supply of seeds and manure to local people, subsidy & training for setting up domestic bio-gas plant, sponsoring of Akshaya noon-meal programme, supply of study materials for school children etc., were among our key initiatives towards social welfare.

SUBSIDIARY COMPANIES

1) BAMNI PROTEINS LIMITED

The annual production during the year in this subsidiary company was 2417 MT of Ossein and 5470 MT of Dicalcium Phosphate as against 2475 MT of Ossein and 5280 MT of Dicalcium Phosphate during the previous year. During the year, the subsidiary has registered a net profit of Rs. 72.39 lakhs after tax as against Rs. 102.24 lakhs during the previous fiscal.

2) REVA PROTEINS LIMITED

The operations at this subsidiary during the year under review continued to be lower than the commissioned capacity consequent to the restrictions on discharge of treated effluent imposed by the pollution control authorities. Pending completion of the new infrastructure being set-up by the Gujarat Pollution Control Board, the authorities have on 13.02.2014 granted permission for discharge of treated effluent of specified composition into the

existing industrial effluent pipeline. However, for maintaining such specified composition for treated effluent, additional expenditure is required even to operate the plant at the current levels. We are hopeful of a permanent solution to this issue once the effluent discharge pipeline exclusively for Jhagadia Industrial Estate, currently under construction, turns operational.

During the financial year ended 31.03.2014, this subsidiary recorded a net loss of Rs. 231.06 Lakhs and a cash profit of Rs 283.80 lakhs as against a net loss of Rs 762.49 Lakhs and cash loss of Rs. 238.04 Lakhs during the previous financial year. The annual production for 2013-14 was 1869.34 MT of Ossein as against 950 MT during the previous year.

As per section 212 of the Companies Act, 1956, the company was required to attach to the Director's Report, Balance Sheet and Statement of Profit and Loss of its subsidiaries. However the Central Government has granted general exemption from complying with Section 212 of the Act to all companies vide Notification No. 5/12/2007-CL-111 dated February 8, 2011. In accordance with the said Notification, copy of the Balance Sheet, Statement of Profit & Loss, reports of the Board of Directors and auditors of the subsidiary companies have not been attached with the balance sheet of the Company. Annual accounts of the subsidiary companies and the related detailed information shall be made available to 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 the 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.

AUDITORS' REPORT

1. Emphasis of Matter on the accounts of the Company referred to in the Auditor's Report is explained in detail under para 2.1.1 of the Notes forming part of accounts for the year and hence no further comments are necessary.

2. Observation of audit vide para 9(a) of the Annexure to the Auditors' Report: The amount referred to by audit, fully provided for in the accounts, can be remitted only after the execution of a new agreement with the Irrigation Department, Government of Kerala. The said agreement is currently under consideration of the Government.
3. Observation of audit vide para 9 (b) of the Annexure to the Auditor's Report - The points covered in the above para are explained in detail under para 2.28.2 (ii) and (i) respectively of the Notes forming part of the accounts for the year and hence no further comments are called for.

COLLABORATORS

Your Collaborators continue to be the relentless source of support and guidance for the company in each of its key initiatives. Their patronage in areas of product development, marketing, quality improvement and training of personnel has contributed significantly to the growth of your company.

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

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

PARTICULARS OF EMPLOYEES

None of the employees of the Company are coming under the purview of Section 217(2A) of the Companies Act, 1956.

RESPONSIBILITY STATEMENT OF DIRECTORS

Directors' responsibility statement on the Annual Accounts of the Company for the year ended 31.03.2014, pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956:

Your Directors confirm:

- i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) That they have selected such accounting

policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and of the loss of the Company for the year ended 31st March 2014.

- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That they have got prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

ADDITIONAL DISCLOSURES

Keeping in view the requirements of the Listing Agreements and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in respect of Related Party Transactions and Segmental Reporting.

DIRECTORS

Mr. V. Somasundaran IAS, who was the Director and Chairman of the Company with effect from 16.02.2012, ceased to hold office on 04.10.2013 on the promoter, M/s. Kerala State Industrial Development Corporation Ltd. nominating Mr. P. H. Kurian, IAS, Principal Secretary (Inds. & IT), Industries Department, Government of Kerala succeeding as the Director and Chairman of the company with effect from 04.10.2013. Your Directors extend a warm welcome to Mr. P. H. Kurian, IAS as the Director and Chairman of the Company. The Directors also place on record their deep appreciation for the valuable guidance and directions of Mr. V. Somasundaran IAS during his tenure.

Consequent to the conclusion of the term, Mr. G. Suseelan, Managing Director retired from office on 31.03.2014. The Directors appreciate the immense contribution made by Mr. G. Suseelan for the growth of the Company while fostering good governance standards.

Your Directors have appointed Mr. Sajiv K. Menon as an Additional Director of the company with effect from 20.12.2013 and as the Managing Director for a period of three years with effect from 01.04.2014. Mr. Sajiv K. Menon is well qualified and has a distinguished career with many years of varied experience in successful companies. The appointment and the remuneration of Mr. Sajiv K. Menon are subject to approval of the members at the ensuing Annual General Meeting. This appointment is being placed before the shareholders for their approval at the ensuing Annual General Meeting.

KSIDC vide their letter dt. 04.10.2013 withdrew the nomination of Mr. Tom Jose IAS as the Director of the company with effect from that date.

Nitta Gelatin Inc., Japan, the other promoter of the company vide their letter dated 23.08.2013 nominated Mr. Yoshifumi Matsumoto as the Director of the company which took effect from 09.11.2013, in the place of Mr. Hiroshi Takase.

Dr. Keiji Suzuki till recently an Executive Director of the Company below the Board level, was appointed as an Alternate Director to Mr. Norimichi Soga, Director with effect from 09.11.2013.

With great pleasure, your Directors welcome the new Directors, Mr. Sajiv K. Menon, Mr. Yoshifumi Matsumoto and Dr. Keiji Suzuki. Your Directors

also record their deep sense of appreciation for the valuable services of Mr. Tom Jose IAS and Mr. Hiroshi Takase as Directors of the Company.

Under the provisions of the Articles of Association of the Company and the Companies Act, 2013 Mr. T. Yamaki retires by rotation and is eligible for reappointment. Necessary resolution in this behalf has been proposed for consideration of the members. Your Directors have pleasure in recommending his reappointment.

STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s. Varma & Varma, Chartered Accountants, Ernakulam retire in accordance with the provisions of the Companies Act, 2013 and are eligible for re-appointment. M/s. Varma & Varma, Chartered Accountants have forwarded their confirmation that their re-appointment, if made, shall be within the limits specified under the Companies Act, 2013.

The Audit Committee and the Board of Directors recommends the re-appointment of M/s. Varma & Varma, Chartered Accountants, as the Statutory Auditors of the Company.

ACKNOWLEDGEMENT

The Board of Directors would like to express sincere appreciation for the support and assistance extended to the Company by the State Government. Your Directors also take this opportunity to place on record their gratitude for the timely and valuable guidance from the promoters M/s. Nitta Gelatin Inc., Japan and M/s. Kerala State Industrial Development Corporation Ltd. The Board also thankfully acknowledges the whole-hearted co-operation, hard work and commitment of all its employees. On this occasion, your Board wishes to thank all the customers, suppliers, bankers and other stakeholders for their unstinted support and encouragement. Your Directors are also thankful to the esteemed shareholders for the continued patronage.

Your Directors look forward to the long term future with confidence.

On Behalf of the Board of Directors,

Kochi
09.05.2014

(P. H. KURIAN IAS)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

(A) CONSERVATION OF ENERGY

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

Energy conservation activities carried out during the year:

Activities at Ossein Division

- i) Bio-gas regenerator from raw effluent was commissioned.
- ii) Energy efficient cooling tower installed for the chilling plant attached to acid bath.
- iii) Capacitors were installed for improvement of power factor
- iv) Variable Frequency Drive fixed to water pump.

Activities at Gelatin Division

- i) Installed sprinklerless cooling tower for chillers
 - ii) Installed VFD for 75 HP air compressor.
 - iii) Adopted gravity discharge instead of mechanical pumping for pumping out treated effluent.
 - iv) Powerless fans were installed at Chitosan plant and Nutrigold plant.
- (b) Energy conservation activities proposed for 2014-15
- i) Reduction of power consumption in paddle washers by installing energy efficient gears.
 - ii) Addition of capacitors to improve power factor.
 - iii) Installation of packing blower in DCP auto packer to reduce power consumption.
 - iv) Installation of steam pump to recover condensate and to generate flash steam.
 - v) Replacement of cooling tower metallic blades with FRP blades.

(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 is currently under a Technical Assistance Agreement with the collaborator, NGI, Japan whereby it can avail the services of trained experts in Nitta Group in any desired area of Gelatin / Peptide production and also that any noteworthy developments in the area of any of our products at NGI, Japan or its associates shall be shared with the company. With this, the company is empowered to operate at standards on or at par with that of the global industry leaders.

RESEARCH & DEVELOPMENT

The Company has two exclusive Research & Development Centres attached to each of its major production centres. Both these Centres are approved by the Department of Scientific and Industrial Research, Government of India and 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 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 deficiency in the quality of crushed bone.

Apart from product development, your company is channelizing R & D efforts for carving out novel techniques for the disposal of effluent. Towards this, a R&D facility is already put-up in the premises of Bamni Proteins Limited, a subsidiary of the Company in Maharashtra.

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

- Development of production processes to meet specific customer specifications.
- 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 - Ossein Division R&D Centre & Gelatin Division R&D Centre	14.89	22.98
- Bamni Division R&D centre - Capital WIP	268.28	-
Total Capital expenditure	283.17	22.98
b. Recurring expenses - Ossein Division R&D Centre & Gelatin Division R&D Centre	287.40	245.16
Percentage to turnover	1.97	0.88

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lakhs)

Particulars	Current year	Previous year
a. Earnings	16296.10	15620.93
b. Outgo	1130.03	1629.92

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

Particulars	Current Year 2013-14	Previous Year 2012-13
A. POWER AND FUEL CONSUMPTION:		
1. Electricity		
(a) Purchased		
Units (KWH in lakhs)	241.99	271.03
Total Amount (Rs. in lakhs)	1333.99	1378.66
Rate/Unit (Rs.)	5.51	5.09
(b) Own Generation		
(i) Through Diesel Generator Unit		
(KWH in lakhs)	2.95	2.15
Unit per litre of Diesel Oil	2.43	2.55
Cost/Unit (Rs)	24.09	18.29
2. Furnace Oil		
Quantity (in KL)	847.00	1414.00
Total Amount (Rs. in lakhs)	361.30	582.29
Average rate (Rs. per KL)	42681.13	41180.49
3. Firewood		
Quantity (in MT)	38078.18	48127.32
Total Amount (Rs. in lakhs)	967.07	1336.41
Average rate (Rs.per MT)	2539.69	2776.82
4. LNG		
Quantity (in MMBTU)	15424.83	-
Total Amount (Rs. in lakhs)	180.97	-
Average rate (Rs.per MMBTUT)	1173.21	-
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Product - Ossein		
1. Electricity (KWH) per MT	1940.00	1582.00
2. Firewood (MT) per MT	1.01	1.04
Product - Gelatin		
1. Electricity (KWH) per MT	4115.00	3805.00
2. Furnace Oil (KL) per MT	0.13	0.24
3. Firewood (MT) per MT	8.42	9.10
4. LNG (MMBTU) / MT	11.82	9.10
Product - Collagen Peptide		
1. Electricity (KWH) per MT	3373.89	3556.58
2. Firewood (MT) per MT	5.46	5.22

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Economic development and population growth in emerging economies, more particularly in the Asian region, are expected to give further boost to the Gelatin and Collagen Peptide market. This apart, the growing use of Gelatin in applications such as food and beverage, pharmaceuticals and nutraceuticals also contributes to the growth of Gelatin and its derivatives. As a combined effect of all these, global Gelatin consumption is forecast to reach 3.96 lakh MT by the year 2017 from 3.71 MT in 2012.

Your company with pioneering expertise in Gelatin manufacture under technical collaboration with M/s. Nitta Gelatin Inc., Japan holds a pivotal position in the global Gelatin industry scenario.

SEGMENT-WISE PERFORMANCE

The operations of the company during the year under review were adversely affected by interruptions in production at the Ossein Division of the Company due to agitation. The volume reduction in product sales quantity in both the export and domestic segments is to be viewed against this background.

Exports

Your Company maintained its prominence in the niche overseas markets. In addition to the export of 4399 MT of Ossein from normal bone, the company exported 54 MT of Ossein out of Gelbone and 240 MT of Limed Ossein. The export of Ossein during 2012-13 was 5215 MT. Export of DCP for the year 2013-14 stood at 301 MT as against 86 MT during the previous year.

The volume of export of Gelatin for the year 2013-14 was 1650 MT as against 1834 MT during the previous year. Export of Collagen Peptide during the year under review was 129 MT as against 92 MT during the previous fiscal. Company has exported 6.92 MT of Chitosan also during the year. Chitosan export was only 1.35 MT during the previous fiscal. Average USD / INR exchange rate for the year 2013-14, Rs. 59.97 as against Rs. 54.08 for the previous fiscal has worked out to the advantage of the Company.

Domestic

The domestic sale price of Gelatin and Collagen Peptide has shown a clear increase during the year 2013-14 as compared to the previous year.

Selling price of DiCalcium Phosphate has declined by 1% during the year. Domestic sales volume of agri-products, Nutrigold and Nutrisoil remained robust during the year.

Opportunities and threats

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

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

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

The base raw material for Ossein, Gelatin and Collagen Peptide is crushed animal bone. The price of animal bone is dependent on numerous factors such as variations in meat consumption reflecting global economic conditions as well as changes in supply-demand dynamics driven by regulations

governing food processing and distribution in response to various animal epidemics and other factors. Such an increase in price of crushed bone can adversely affect the operating results and financial position of both the Gelatin and Collagen Peptide business.

There is a growing trend to switch the raw materials from animal to plant derived materials. In the capsule market, one of the core markets for Gelatin, this trend has given an impetus to the development of plant - derived capsule products. Advancement in this direction shall be at the cost of demand for bovine based Gelatin.

In the context of high price of Dicalcium Phosphate, numerous substitutes are being developed for this product.

Outlook

By 2020, pharmaceutical market is anticipated to more than double to USD 1.30 trillion, with countries such as Brazil, China, India, Indonesia, Russia and Turkey accounting for one fifth of the global pharmaceutical sales. On the export front, Indian pharma exports stood at USD 14.70 billion in 2012-13, registering a growth rate of 11%. India plans to increase its total exports to USD 25 billion by 2016. In regard to the domestic demand for Gelatin, the Government of India has announced a list of measures, including the proposed enhancement of public expenditure on healthcare to 2 to 3% of GDP, up from the current level of 1%. In the backdrop of the above, the outlook for Gelatin market is expected to be attractive in the current year.

In the peptide business, we have increased our production capacity in tandem with the global demand pattern. The global Collagen Peptide market was valued at USD 648 million in 2012 and is expected to reach USD 892 million in 2017 at a CAGR of 6.6% between 2012 and 2017. Asia continues to be the mainstream market for Collagen Peptide followed by North America, where there is a strong sentiment about the beauty benefits of Collagen Peptide. Emerging markets such as Latin America, India, China and the Middle East show potential for further penetration.

With a steady demand for all poultry products, the demand for DiCalcium Phosphate, the by-product, is also expected to be steady.

Sale of agri-products, Nutrigold and Secondary proteins has witnessed a healthy growth in the last fiscal which is expected to continue.

INTERNAL CONTROL SYSTEM

The company has adequate internal control systems in position and reasonable assurance on authorizing, recording and reporting transactions of its operations in all material aspects and in providing protection and safeguard against misuse or loss of the assets of the company. The internal controls in the company operate through well documented standard operating procedures, policies and process guidelines. These are designed to ensure that transactions are conducted and authorised within defined authority limits, 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 to conduct an internal audit of transactions of the company. They conduct the audit with a view to test the adherence to laid down policies and procedures and suggest improvements in processes and systems. Their audit programme is agreed upon with the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee at regular intervals. The findings of the Internal Auditors are discussed by the Audit Committee with the management every quarter and adequate corrective measures are taken. The Board is of the view that appropriate procedures and controls are operating and monitoring procedures are in place.

FINANCIAL PERFORMANCE

As narrated in the Director's Report, the financial performance of the Company for the year under review was adversely affected by the agitations, spanning around six months, against the Ossein plant. Arising therefrom, the production / sales at our Ossein and Gelatin plants were lower than the previous fiscal. This has led to a decline in Gross revenue from operations to Rs. 297.23 crores during 2013-14 as against Rs. 314.61 crores in the previous year. Unit sales realization has improved in the case of both Gelatin and Collagen Peptide. However, Ossein and Dicalcium Phosphate price realization has declined during the year. USD / INR exchange rates worked out favourably during the year, average for 2013-14 being 59.97 against 54.08 for 2012-13.

Situation in the case of crushed bone was not conducive for profitable operations. The market witnessed both shortage of quality bone and an

increase in price. On an average, the crushed bone cost has gone up by 23% during the year. In the context of declining quality of crushed bone and our commitment to eradicate pollution at our Ossein plant, we have started pre-cleaning of crushed bone (whereby all the impurities therein are removed before being consumed in Ossein plant), at different centres outside the Ossein plant. In addition to the general increase in market prices, the pre-cleaning activity also has led to the increase in the effective cost of crushed bone. Your company is confident that the incremental cost arising out of the above shall be more than compensated by the improved yield and quality of Gelatin and other products.

Company has availed long term loans during the year to finance the implementation of capital projects such as Hide Liming facility and capacity expansion of Collagen Peptide plant both of which were commissioned during the year. The decline in Deferred Tax Liability during the year is mainly on account of the negative results of operations.

As explained earlier, the situation in Ossein plant is normal at present and your Directors are committed to ensure a smooth functioning of this plant in future as well.

HUMAN RESOURCE DEVELOPMENT

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

Functional and technical training formed an important part of the Company's annual training

calendar as they are directly linked with the employees' role and on the job performance. The company also continues with the following initiatives targeted towards human resources development:-

- i) Institutional learning programmes for selected management level personnel.
- ii) Exclusive in-house training department for assessing and imparting the training needs.
- iii) Apart from in-house training facilities, employees are imparted extensive on the job training at our collaborator's factory in Japan.

As on 31st March, 2014 the total permanent employee strength of the company was 380.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report containing your Company's objectives, projections, estimates and expectation may constitute some statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statements. Your company's operation 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.

On Behalf of the Board of Directors,

(SAJIV K. MENON)
MANAGING DIRECTOR

(P. H. KURIAN IAS)
CHAIRMAN

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, lenders, 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.

The required details on Corporate Governance are given hereunder:-

2. BOARD OF DIRECTORS

Composition

The present strength of the Board is nine. 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.

Nine Board meetings were held during the year 2013-14 on 03.05.2013, 29.05.2013, 05.07.2013, 31.07.2013, 13.08.2013, 09.11.2013, 20.12.2013, 07.02.2014 and 26.03.2014.

The composition and attendance at the Board Meetings and Annual General Meeting during the year and the other Directorships/Committee Memberships in other Indian Public Limited Companies were as follows:

Sl.No.	Name of the Director	Category	Shareholding in the Company	Board Meetings Attended	Attendance in last AGM, Yes or No	Business relationship with NGIL	Other Directorships	Committee Membership **	
								Member	Chairman
1.	Mr. P.H.Kurian IAS, Nominee of KSIDC and Principal Secretary, Industries Dept. & IT-Govt.of Kerala(Nominated as CHAIRMAN w.e.f.04.10.2013)	Non-Executive	Nil	4	No	-	5	-	-
1A.	Mr. Tom Jose IAS Nominee and MD of KSIDC (ceased to hold office from 20.12.2013)	Non-Executive	Nil	3	Yes	-	9	-	-
1B	Mr.V.Somasundaran IAS Nominee of KSIDC - Chairman of NGIL(Ceased to be Director of the Company w.e.f 4.10.2013)	Non-Executive	Nil	1	No	-	5	-	-
2.	Mr.N.Soga Nominee of Nitta Gelatin Inc. (Appointed w.e.f. 14.05.2005)	Non-Executive	Nil	0	No	President, Nitta Gelatin Inc., Japan, Director, Nitta Gelatin NA Inc., USA	-	-	-
3.	Mr.T.Yamaki (Nominee of Nitta Gelatin Inc.) (Appointed w.e.f 11-05-2009)	Non-Executive	Nil	4	Yes	General Manager, Nitta Gelatin Inc, Japan	1	-	-
3A	Mr. Hiroshi Takase (Nominee of Nitta Gelatin Inc.) (Ceased w.e.f 09.11.2013)	Non-Executive	Nil	1	No	General Manager, Nitta Gelatin Inc, Japan	-	-	-
4.	Mr. Yoshifumi Matsumoto Nominee of Nitta Gelatin Inc.) (Appointed w.e.f 09-11-2013)	Non-executive	Nil	0	No	General Manager, Finance Dept.,Nitta Gelatin Inc, Japan	-	-	-

5.	Mr.K.Ramakrishnan (Appointed w.e.f. 16.04.1997)	Non-Executive	Nil	9	Yes	-	-	-	-
6.	Mr. A.K. Nair (Appointed as Director w.e.f. 28.06.2008)	Non-executive	66	7	Yes	Director, Strides Acrolab Ltd., Bangalore	9	2	1
7	Mr.K.L.Kumar (Appointed w.e.f.8-12-2003)	Non-Executive	Nil	8	Yes	-	-	-	-
7A.	Mr.Venu Nallur (Nominee of KSIDC) ceased to be Director from 03.04.2013	Non-Executive	Nil	0	NO	-	3	-	-
8.	Mr. T.P. Thomaskutty (Nominee of KSIDC (Appointed as Director w.e.f. 03.04.2013)	Non-Executive	Nil	7	Yes	-	6	-	-
8A.	Mr. Keiji Suzuki (Nominee of Nitta Gelatin Inc.) - ALTERNATE DIRECTOR TO N.SOGA (Appointed w.e.f 09.11.2013)	Non-Executive	NIL	0	No	General Manager, Nitta Gelatin Inc, Japan	-	-	-
9.	Mr. Sajiv K Menon (appointed as Managing Director w.e.f 01.04.2014)	Executive	0	2	No	Chairman, Bamni Proteins Ltd. Chairman, Reva Proteins Ltd	-	-	-
9A	Mr.G.Suseelan (Ceased to be Managing Director w.e.f 31.03.2014)	Executive	3333	9	Yes	Chairman, Bamni Proteins Ltd. Chairman, Reva Proteins Ltd	2	-	-

*The number of Directorships shown includes Directorships in Private companies also. As such it is within the limit prescribed under Section 275 of the Companies Act, 1956.

** Includes only Audit Committee and Shareholders Grievance Committee Recommendations complied with

The Board of Directors had during the year, an optimum combination of executive and non-executive directors with more than 50% of the Directors being non-executive Directors. The Company has not paid any commission to the non-executive Directors

None of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956 read with Companies(Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) and Rules 2003. Necessary disclosures have been made by the Directors stating that they do not hold any membership in more than 10 committees or chairmanship of more than 5 committees in terms of clause 49 of the Listing Agreement..

3. AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee of the Board conforming to the requirements as prescribed by the SEBI on Corporate Governance as well as consequent amendment to the Listing agreement with the Stock Exchanges. The Committee consists of 4 non-executive directors. The Committee which initially during the year, consisted of Mr. K. Ramakrishnan, Mr.K.L.Kumar, and A.K.Nair, Directors, was later reconstituted with the inclusion of Mr.T.P.Thomaskutty, Director. Mr.K.Ramakrishnan, former Managing Director of State Bank of Travancore with vast knowledge and experience in Accounts and Finance, is the Chairman of the Audit Committee. The terms of reference of the Audit Committee had sufficiently covered the requirements of Section 292A of the then Companies Act, 1956 and then Clause 49 of the Listing Agreement with Stock Exchanges and include overseeing of financial reporting

process and development of financial information, ensuring the correctness of financial statements, reviewing with management, internal and external Auditors the adequacy of internal control system, reviewing the Company's financial and Risk Management Policies and reviewing the Related Party Transactions.

Six Audit Committee Meetings were held during the year 2013-14, the dates of which are 02.04.2013, 02.05.2013, 24.05.2013, 08.08.2013, 08.11.2013, and 06.02.2014. The attendance of members are as follows:

Name of Directors	Category	No. of meetings attended
Mr. K. Ramakrishnan	Chairman	6
Mr. A.K.Nair	Member	6
Mr. K.L.Kumar	Member	6
Mr T.P.Thomaskutty (Appointed w.e.f 03.04.2013)	Member	4

4. REMUNERATION COMMITTEE

The Remuneration Committee; during the year, consisted of Mr A.K.Nair as chairman and Mr. K. Ramakrishnan and Mr.K.L.Kumar as members. The terms of reference of the Committee includes remuneration and terms and conditions of appointment of Executive Directors and Senior Management Personnel. During 2013-14, the Remuneration Committee held Four meetings on 02.05.2013, 07.12.2013, 20.12.2013 and 06.02.2014.

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

Details of remuneration for the year 2013-14

Name	Salary	PF	Other Benefits/ Perqui- sites	Total
	Rs.	Rs.	Rs.	Rs.
Executive Directors:				
Mr. G.Suseelan	25,80,000	3,09,600	32,41,775	61,31,375

Non Executive-Directors:	
Name	Sitting fees Rs.
Mr.P.H.Kurian IAS	40,000
Mr.S.Somasundaran IAS	10,000
Mr. Tom Jose, IAS	30,000
Mr. K. Ramakrishnan	2,00,000
Mr. A.K. Nair	2,70,000
Mr.K.L.Kumar	2,30,000
Mr.T.P.Thomaskutty	1,40,000
Mr.Sajiv K. Menon	20,000

5. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board has set up a Shareholders' Grievance Committee to address matters/complaints concerning share transfers/transmission of shares issued by the Company, issue of duplicate Share Certificate, split, consolidation etc. The Committee during the year consisted of two non Executive Directors, namely, Mr. K. Ramakrishnan and Mr.K.L.Kumar, as members. There were a few complaints (twelve in nos.) relating to the proposal before the shareholders for issue and allotment of bonus shares to promoters as a consequence of a decision by one of the promoters Kerala State Industrial Development Corporation Ltd. (KSIDC) not to forgo their bonus entitlement. The Share holders' Grievance Committee which met on 08.11.2013 had considered the same and advised that the aggrieved shareholders be informed that the matter was pending before SEBI for a decision in an application for condonation of delay in allotment of bonus shares to promoters. This was accordingly done. The request before SEBI was declined, whereupon an appeal has now been preferred by the company before the Securities Appellate Tribunal (SAT) which is pending for a decision.

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

Number of shareholders complaints received so far : twelve

Number not solved to the satisfaction of the shareholders : twelve

Number of pending share transfers: All valid transfer requests received upto 31.03.2014 have been registered

6. GENERAL BODY MEETINGS:

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

AGM	Financial Year	Day	Date	Time	Location
37th	2013	Friday	05.07.2013	10.30 AM	Grand Hotel Ernakulam
36th	2012	Friday	06.07.2012	10.30 AM	Grand Hotel Ernakulam
35th	2011	Tuesday	14.06.2011	10.00 AM	Grand Hotel Ernakulam

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

No. and date of AGM	Nature of Special Resolution
05.07.2013	1. Appointment of auditors and fixation of remuneration
	2. For approval of the terms and conditions of appointment of Managing Director
06.07.2012	1. Appointment of auditors and fixation of remuneration
14.06.2011	1. Appointment of auditors and fixation of remuneration
	2. Reappointment of Managing Director and fixation of remuneration

7. CODE OF CONDUCT

The Board approved the Code of Conduct applicable to the Board Members and the senior management personnel of the Company at its meeting held on 30.01.2006. The code has been posted on the website of the Company www.gelatin.in. All Board members and senior management personnel have affirmed compliance with the code and a declaration to this effect signed by the CEO is annexed to this report.

8. DISCLOSURES

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries which may have potential conflict with the interests of the Company. The necessary disclosures

regarding the transactions with Related parties are given in the Notes to the Accounts (See Note No. 2.26 of Standalone Financial Statement)

As stated in Note No. 2.1.1 of the Standalone Financial Statement, the company was unable to act upon the resolution of the shareholders at its EGM held on 24.08.2013 relating to the allotment of 22,54,173 bonus shares to promoter shareholders and also 6,96,667 shares under the ESPS in respect of which no adjustments have been made in the accounts for the reasons stated therein. There were no instances of non compliance on any matter relating to the capital markets during the last three years. The Company has complied with all the applicable accounting standards. No personnel of the Company has been denied access 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 mitigation procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

9. MEANS OF COMMUNICATION

Quarterly results are published in prominent daily newspapers namely the Business Line (English) and Mathrubhumi/ Mangalam (Malayalam). Immediately after the approval of the Board, the financial results are transmitted to the Stock Exchanges where the shares of the Company are listed.

10. GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting, date, time & venue: 11th July, 2014 at 10.30 A.M at **KERALA FINE ARTS HALL, Fine Arts Avenue, Cochin - 682016**
2. Financial calendar: 1st April 2013 to 31st March 2014
3. Dates of book closure : The Directors have not proposed any dividend for payment to shareholders. Hence, the Directors deem it not necessary to close the said Books during the year corresponding to the AGM.
4. Dividend payment date: (if declared at the An-

nual General Meeting) Not Applicable

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

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

6. Stock Code : 506532 (BSE)

11. Market price data (monthly High and Low) of the Company's Equity shares traded on Mumbai Stock Exchange, in comparison to BSE Sensex during the Period April 2013 to March 2014 is given below.

Month	NGIL		BSE SENSEX	
	High Price	Low Price	High Price	Low Price
Apr-13	171.75	133	19622.68	18144.22
May-13	192.9	145.65	20443.62	19451.26
Jun-13	198.4	108	19860.19	18467.16
Jul-13	133.5	106	20351.06	19126.82

14. Distribution of Shareholding and Shareholders' Profile

a) Distribution of shareholding as at 31st March, 2014

No of Equity Shares held	No. of Shareholders	%age of shareholders	No. of shares held				% of shareholding
			Physical	NSDL	CDSL	Total	
1-500	6010	87.89	154669	399582	169178	723429	7.97
501-1000	477	6.98	35823	216326	85650	337799	3.72
1001-10000	335	4.90	46629	534471	314075	895175	9.86
10001 and above	16	0.23	0	6938949	183808	7122757	78.45
Total	6838	100.00	237121	8089328	752711	9079160	100.00

b) Shareholders Profile as on 31st March 2014

Category	No. of Shareholders	%age of shareholders	No. of shares held	% of shareholding
Resident Indians	6606	96.61	2086341	22.98
Foreign Collaborator	1	0.01	3900300	42.96
Indian Collaborator	1	0.01	2862220	31.53

Aug-13	128	71	19569.2	17448.71
Sep-13	89.95	74	20739.69	18166.17
Oct-13	89.9	74.1	21205.44	19264.72
Nov-13	94	70.7	21321.53	20137.67
Dec-13	84.05	70.3	21483.74	20568.7
Jan-14	86.75	69.05	21409.66	20343.78
Feb-14	82.95	70	21140.51	19963.12
Mar-14	97.95	72.05	22467.21	20920.98

12. Registrars and Share Transfer Agents:

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

13. Share transfer system

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

Domestic Companies	135	1.97	164546	1.81
Financial Institutions	1	0.01	6066	0.07
NRIs	54	0.79	39227	0.42
Overseas Corporate Bodies	0	0.00	0	0.00
Mutual Funds	6	0.09	4239	0.05
Banks	2	0.03	266	0.00
Clearing Member NSDL/CDSL	32	0.48	15955	0.18
Total	6838	100.00	9079160	100.00

15. Dematerialisation of Shares

As at 31st March, 2014, there are 8842039 shares, representing 97.39% of the paid-up share capital in dematerialised form. This includes 8089328 shares (89.1%) in NSDL and 752711 shares (8.29%) in CDSL. 25 shares were re-materialised during the year.

16. Plant Locations :

The Company's plants are located at:

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

17. Address for investor correspondence:

1. Cameo Corporate Services Ltd,
"Subramanian Building",
1, Club House Road, Chennai-600 002
Tel:044-28460390,
Fax: 044-28460129
Email:cameo@cameoindia.com
2. Nitta Gelatin India Limited,
PB No.4262, 54/1446, SBT Avenue
Panampilly Nagar,
Kochi - 682 036, Kerala
Tel: 0484 -2317805,
Fax : 0484-2310568
Email : secretarial@nittagelindia.com

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

Note: Shareholders holding shares in electronic mode are required to address all correspondence to their respective depository participant. Non-mandatory disclosures are not being included in the report except disclosures relating to Remuneration Committee.

CEO/CFO Certification:

Mr.Sajiv K.Menon, Managing Director and Mr.K.Muraleedharan Nair, Executive Director(Corporate Finance) and Chief Financial Officer have given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO certificate as per the format given under Clause 49(v) at its meeting held on 09.05.2014

DECLARATION OF COMPLIANCE OF CODE OF BUSINESS CONDUCT AND ETHICS

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

Sd/-
Sajiv K.Menon
Managing Director.

CERTIFICATE

The Members,
Nitta Gelatin India Limited
Kochi-36

1. We have examined the compliance of conditions of corporate governance by Nitta Gelatin India Limited, Kochi-36 for the year ended 31.03.2014 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.
2. The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to explanations given to us, we certify that the company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Kochi
Date : 09.05.2014

For VARMA AND VARMA
(FRN : 004532S)

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

INDEPENDENT AUDITORS' REPORT

To the Members of Nitta Gelatin India Limited,
Kochi

Report on the Financial Statements

We have audited the accompanying financial statements of Nitta Gelatin India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management of the company is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw Attention to Note No: 2.1.1 regarding the inability of the Company to act upon the resolution of the shareholders at its EGM held on 24.08.2013 relating to the allotment of 2,254,173 bonus shares to promoter shareholders and also 696,667 shares under the ESPS in respect of which no adjustments has been made in the accounts for the reasons stated therein. Our opinion is not qualified in respect of this matter.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act,2013;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For VARMA AND VARMA
(FRN : 004532S)

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

Place: Kochi
Date: 09.05.2014

ANNEXURE REFERRED TO IN PARAGRAPH I UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2014

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that major items of the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the company and the nature of its assets and that no material discrepancies have been noticed on such verification.
- (c) The company has not disposed off a substantial part of the fixed assets during the year.
2. (a) we are informed that the physical verification of inventory has been conducted by the management at reasonable intervals having regard to the size of the company and the nature of its business.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification were properly dealt with in the books of account by the management.
3. According to the information and explanations given to us and the records of the company examined by us, the company has not granted or taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangements with parties referred to in (a) above, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, are not applicable to the Company.
7. In our opinion, the company has an internal audit system, the scope and coverage of which is commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
9. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the

year except to the extent indicated as under:

As at the year end, the following amounts of arrears of undisputed statutory dues are outstanding for a period of more than six months:

Nature of dues	Amount (Rs in Lakhs)	Period to which the amount relates (Financial Year)
Water Cess	35.50	2012-13 and 2013-14

(b) According to the information and explanations given to us and the records of the Company examined by us, the following disputed amounts have not been deposited with the authorities as at 31st March 2014 as per details given below.

Nature of dues	Statute	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Water Cess	-	714.84	1.4.1979 to 31.12.2010	Hon High Court of Kerala
Income Tax	Income Tax Act,1961	864.24 (Net of Rs 50 lakhs paid under protest)	2008-09 (AY 2009-10) 2009-10 (AY 2010-11)	Commissioner Income Tax (Appeals)

10. The Company does not have any accumulated losses as at the end of the financial year and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to the banks.
12. The Company has not given any loans or advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities and hence reporting requirement under clause 4 (xii) is not applicable.
13. The Company is not a chit fund/niche/mutual benefit fund/society and hence the reporting requirement under clause 4 (xiii) of the Order is not applicable.
14. The company is not dealing or trading in shares, securities, debentures or other investments and accordingly the reporting requirement under clause 4 (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us and the records of the company examined by us, and as stated in Note No. 2.28.2 (5), the company has given guarantee of Rs 2000 lakhs for loans taken by its subsidiary M/s Reva Proteins Limited. In our opinion, the terms and conditions of the guarantee given by the Company, for loan taken by the subsidiary from a financial institution, are not prejudicial to the interest of the Company.
16. According to the information and explanations given to us and the records of the Company examined by us, the term loans availed by the company have been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and the records of the Company examined by us, the funds raised on short term basis have not been used for long- term purposes.
18. The Company has not made any preferential allotment of shares to parties and companies requiring to be entered in the Register pursuant to Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year and accordingly the reporting requirement under clause 4 (xix) of the Order is not applicable to the company.
20. The Company has not raised any money by public issues during the year and accordingly the reporting requirement under clause 4 (xx) of the Order is not applicable to the company.
21. To the best of our knowledge and belief and according to the information and explanations given to us and the records of the company examined by us, no fraud either on or by the company, has been noticed or reported during the year.

For VARMA AND VARMA
(FRN : 004532S)

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

Place: Kochi
Date: 09.05.2014

NITTA GELATIN INDIA LIMITED
BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	2.1	90,791,600	84,000,000
b. Reserves and Surplus	2.2	1,063,470,419	1,107,049,469
2 Non-current liabilities			
a. Long-term Borrowings	2.3	89,975,775	-
b. Deferred Tax Liabilities (Net)	2.4	36,004,000	65,688,000
c. Long-term Provisions	2.5	17,378,882	16,243,397
3 Current Liabilities			
a. Short-term Borrowings	2.6	427,155,001	420,052,949
b. Trade Payables	2.7	321,376,784	214,450,903
c. Other Current Liabilities	2.8	31,865,559	19,375,642
d. Short-term Provisions	2.9	24,691,153	89,431,199
Total		2,102,709,173	2,016,291,559
II. ASSETS			
1 Non-current Assets			
a. Fixed Assets	2.10		
i. Tangible Assets		809,713,426	672,790,838
ii. Intangible Assets		6,147,130	6,632,624
iii. Capital Work-in-progress		84,024,091	84,246,888
b. Non-current Investments	2.11	323,653,237	323,653,237
c. Long-term Loans and Advances	2.12	13,580,597	16,890,468
2 Current Assets			
a. Inventories	2.13	517,780,718	533,200,850
b. Trade Receivables	2.14	221,309,571	260,624,423
c. Cash and Cash Equivalents	2.15	10,271,400	13,255,583
d. Short-term Loans and Advances	2.16	60,197,627	46,566,985
e. Other Current Assets	2.17	56,031,376	58,429,663
Total		2,102,709,173	2,016,291,559

Significant Accounting Policies and Notes on Accounts

1&2

As per our separate report of
even date attached

For and on behalf of the Board of Directors

For VARMA AND VARMA
(FRN: 004532S)P H. KURIAN
ChairmanSAJIV K. MENON
Managing DirectorT. YAMAKI
Director(VIJAY NARAYAN GOVIND)
PartnerKEIJI SUZUKI
DirectorK. RAMAKRISHNAN
DirectorA.K.NAIR
DirectorCHARTERED ACCOUNTANTS
Membership No. 203094K. L. KUMAR
DirectorT.P. THOMASKUTTY
DirectorPlace: Kochi
Date: 09.05.2014G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Income			
I. Revenue from operations (gross)	2.18	2,972,332,138	3,146,144,332
<i>Less : Excise duty</i>		79,903,486	83,933,402
Revenue from operations (net)		2,892,428,652	3,062,210,930
II. Other Income	2.19	1,174,905	27,550,078
III. Total Revenue		2,893,603,557	3,089,761,008
IV. Expenses:			
a. Cost of materials consumed	2.20	1,524,920,853	1,482,601,008
b. Purchases of stock-in-trade		9,921,907	18,525,024
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.21	(68,290,599)	(90,783,813)
d. Employee benefits expense	2.22	196,593,336	198,838,815
e. Finance costs	2.23	59,356,197	63,582,083
f. Depreciation and amortisation expense	2.10	106,341,192	97,445,957
g. Other expenses	2.24	1,137,865,835	1,058,250,604
Total Expenses		2,966,708,721	2,828,459,678
V. Profit / (Loss) before tax (III-IV)		(73,105,164)	261,301,330
VI. Tax expense:			
a. Current tax		-	93,661,000
b. Tax for earlier years		6,171,097	11,532,974
c. Deferred tax		(29,684,000)	277,000
VII. Profit / (Loss) for the period (V - VI)		(49,592,261)	155,830,356
VIII. Earnings per equity share:			
Nominal value of share Rs. 10/- (Rs. 10/-)	2.25		
a. Basic		(5.47)	17.35
b. Diluted		(5.47)	17.35

Significant Accounting Policies and Notes on Accounts

1&2

 As per our separate report of
even date attached

For and on behalf of the Board of Directors

 For VARMA AND VARMA
(FRN: 004532S)

 P H. KURIAN
Chairman

 SAJIV K. MENON
Managing Director

 T. YAMAKI
Director

 (VIJAY NARAYAN GOVIND)
Partner

 KEIJI SUZUKI
Director

 K. RAMAKRISHNAN
Director

 A.K.NAIR
Director

 CHARTERED ACCOUNTANTS
Membership No. 203094

 K. L. KUMAR
Director

 T.P. THOMASKUTTY
Director

 Place: Kochi
Date: 09.05.2014

 G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	For the Year Ended 31.03.2014 Rupees	For the Year Ended 31.03.2013 Rupees
A. Cash Flows from Operating Activities		
Net Profit / (Loss) before Tax & Extraordinary Items	(73,105,164)	261,301,330
Adjustments for:		
Depreciation	106,341,192	97,445,957
(Profit)/Loss on sale of fixed assets	119,992	3,652,564
Interest Expenditure	59,356,197	62,921,226
Interest Income	(1,037,475)	(12,679,610)
Dividend Received	(17,430)	-
Foreign Exchange (Gain)/Loss	25,352,273	(14,750,468)
Provision for Doubtful debts	(9,472)	2,000,000
Excess provision/ sundry balances written back	-	(4,980,928)
Expense on Employees Stock Purchase scheme (See Note 3 below)	12,590,000	
	<u>202,695,277</u>	<u>133,608,741</u>
Operating Profit / (Loss) before Working Capital Changes	129,590,113	394,910,071
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	20,375,971	(91,344,800)
(Increase)/Decrease in Inventories	15,420,132	(100,728,733)
Increase/(Decrease) in Trade/ other payables	110,395,598	18,702,514
	<u>146,191,701</u>	<u>(173,371,019)</u>
Cash generated from Operations	275,781,814	221,539,052
Direct Taxes	(20,133,234)	(78,316,238)
Foreign Exchange Gain/(Loss)	(25,352,273)	14,750,468
Cash Flow Before Extraordinary Items	230,296,307	157,973,282
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	230,296,307	157,973,282
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(237,546,632)	(116,677,637)
Sale of Fixed Assets	93,388	155,573
Investment in shares (See Note 2 below)	-	-
Loan to subsidiary company (net)	-	(9,977,742)
Interest Received	928,147	12,490,781
Dividend Received	17,430	-
Net Cash from/(used) in Investing Activities	(236,507,667)	(114,009,025)

	For the Year Ended 31.03.2014 Rupees	For the Year Ended 31.03.2013 Rupees
C. Cash Flows from Financing Activities		
Dividend Paid	(33,247,735)	(33,325,140)
Corporate Dividend Tax	(5,710,320)	(5,450,760)
Increase/(Decrease) in Short Term Borrowings	36,162,490	26,959,398
Proceeds from term loan /(repayment) of loan from subsidiary company (net)	60,915,337	29,060,438
Proceeds from issue of share capital (see Note 3 below)	5,000,000	-
Interest Paid	(59,892,595)	(61,753,832)
Net Cash from/(used) in Financing Activities	3,227,177	(44,509,896)
Summary		
Net Cash from/(used) in Operating Activities	230,296,307	157,973,282
Net Cash from/(used) in Investing Activities	(236,507,667)	(114,009,025)
Net Cash from/(used) in Financing Activities	3,227,177	(44,509,896)
Net Increase/(Decrease) in Cash Equivalents	(2,984,183)	(545,639)
Cash and Cash Equivalents at beginning of the year	13,255,583	13,801,222
Cash and Cash Equivalents at the end of the year	10,271,400	13,255,583
	(2,984,183)	(545,639)

Note:

- Cash and cash equivalents at the end of the year includes Rs. 2,491,776 (Rs. 2,183,674) held under lien and Rs. 1,793,682 (Rs 1,441,417) deposited in unclaimed dividend account which is earmarked for payment of dividend
- Conversion of term loan granted to the subsidiary company M/s Reva Proteins Limited, Rs 229,977,742 together with interest accrued amounting to Rs 9,035,258 into investment in equity shares of the Subsidiary company during the previous year has not been included in the cash flow statement, being a non cash transaction.
- Expenses on Employees Stock Purchase scheme amounting to Rs 12,590,000 (Rs Nil) and issue of bonus shares during the current year amounting to Rs 5,791,600 (Rs nil) have not been included in the cash flow statement, being non cash transactions

As per our separate report of even date attached

For VARMA AND VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner

CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi
Date: 09.05.2014

For and on behalf of the Board of Directors

P H. KURIAN
Chairman

KEIJI SUZUKI
Director

K. L. KUMAR
Director

SAJIV K. MENON
Managing Director

K. RAMAKRISHNAN
Director

T.P. THOMASKUTTY
Director

T. YAMAKI
Director

A.K.NAIR
Director

G. RAJESH KURUP
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014

1. Significant Accounting Policies

a Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006.

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, based on the estimated realisable value of such entitlements. Other incomes are recognized on accrual basis except when there are significant uncertainties.

d Fixed Assets

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

e Depreciation/ Amortisation

- i. Depreciation on Plant and Machinery (other than Service Equipment) is provided on Straight Line Method. The rates adopted are as prescribed in Schedule XIV of the Companies Act, 1956 read with Circular No. 1/1/86 dt.21.5.86, of the Department of Company Affairs, Govt. of India, except in respect of the following items, which are depreciated at higher rates on the basis of technical evaluation:
 - a. Plant and Machinery of Ossein Unit acquired after 16.12.1993 and having value in excess of Rs.5,000/- in individual case - 11.31%
 - b. Plant and Machinery of Gelatin Division having value in excess of Rs.5000/- in individual case - 6.33%
 - c. Effluent Treatment Plant at Ossein Unit - 19%
 - d. Effluent Treatment Plant at Gelatin Division - 11.31%.
- ii. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down Value Method at the rates provided in Schedule XIV of the Companies Act, 1956.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. Cost of software treated as Intangible Assets is amortised over a period of five years.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

f Investments

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

g Inventories

Inventories are valued at lower of cost or net realisable value, item wise. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on a weighted average basis. The cost of manufactured inventories comprises of the direct cost of production plus appropriate overheads. The net realizable value of bought out inventories is taken at their current replacement value.

h Research & Development

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

i Employee Benefits

i. Short Term Employee Benefits

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

ii. Defined Contribution Plans

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

iii. Defined Benefit Plans

Payment of Gratuity to employees is covered by the KCPL Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company 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.

iv. Long Term Employee Benefits

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

v. Termination Benefits

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

j. Expense on Employee Stock Purchase Scheme

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

k. Income Tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/ liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

l. Foreign Currency Transactions, Forward Contracts and Derivatives

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities other than forward contracts, outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the 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 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 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 account.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

m Borrowing Costs

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

n Grants/ Subsidies

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

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

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

o Earnings per share

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

p Impairment of Assets

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

q Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent assets are neither recognized nor disclosed in the accounts.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2 Notes on Accounts

2.1 Share Capital:

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

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Authorised:		
20,000,000(10,000,000) Equity Shares of Rs. 10/- each	200,000,000	100,000,000
Issued and Subscribed and fully paid:		
9,079,160 (8,400,000) Equity Shares of Rs. 10/- each	90,791,600	84,000,000
	90,791,600	84,000,000

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	Rupees	Number	Rupees
As at the beginning of the financial year	8,400,000	84,000,000	8,400,000	84,000,000
Add : Issue of Bonus shares (see Note 2.1.1)	579,160	5,791,600	-	-
Add : Issue of shares under ESPS Scheme (see Note 2.1.1)	100,000	1,000,000	-	-
As at the end of the financial year	9,079,160	90,791,600	8,400,000	84,000,000

2.1.1 As the company had to increase its Minimum Public Shareholding (MPS) to 25% as required under the Securities Contracts Regulations (Rules) 1957, the Board including nominees of both the promoters, unanimously recommended allotment of 100,000 equity shares of the company to employees under an Employee Stock Purchase Scheme (ESPS) at Rs 50/- per equity share of face value of Rs 10/ each, and also issue of Bonus shares, in the ratio 1:3 shares (579,160 Equity shares) only to the public shareholders, excluding the promoters. The said recommendation was considered and approved by shareholders at the Extra Ordinary General Meeting (EGM) (attended by the nominees of the promoter shareholders) held on 29th May 2013. The record date for bonus issue fixed as 20th June 2013, was communicated to the Bombay Stock Exchange (BSE) and the equity shares started trading "ex -bonus" with effect from the said date. In line with the resolution of EGM, as above, the company allotted 579,160 Bonus shares to public shareholders only by capitalisation of general reserves and 100,000 shares under the ESPS. The excess of market price of the share, over the price at which they are issued under the ESPS amounting to Rs 12,590,000 (Nil) has been treated as employee benefit expense with corresponding credit to the securities premium reserve in accordance with the applicable SEBI guidelines.

On 17th June 2013, one of the promoter shareholders M/s Kerala State Industrial Development Corporation (KSIDC) informed the company their inability to forego its right to bonus shares and consequently the other promoter shareholder Nitta Gelatin Inc, Japan also declined to forego their right to the bonus shares. In view of the said request the company informed BSE of its intention

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

to partially modify the earlier EGM resolution dated 29th May, 2013, to allot bonus shares to the two Promoters as above also, subject to applicable approvals. Subsequently, the Board in their meeting dated 5th July 2013 recommended to the shareholders to issue bonus shares in the ratio of 1:3 to both the Promoter shareholders, in partial modification of EGM resolution dated 29th May 2013 and subject to necessary approvals, and also to allot further shares under the ESPS Scheme to its employees to ensure compliance of MPS even after the issue of bonus shares as above. This recommendation of the Board was approved in the adjourned EGM held on 24th August 2013 adopting a special resolution in partial modification of the resolution in EGM dated 29th May 2013, to allot 2,254,173 Bonus shares to Promoter shareholders and 696,667 shares to employees under ESPS scheme at Rs. 25/- per equity share of face value of Rs.10/- each, subject to the approval of SEBI and other applicable authorities.

On 19th August 2013 the company sought an in-principle approval for listing equity shares to be issued to the promoter shareholders and to employees under ESPS as per resolution proposed at the EGM on 24-08-13. The BSE advised the company by email dated 27th August 2013 to seek condonation of delay from SEBI under Regulation 95(2) regarding Bonus issue, under SEBI (ICDR) Regulations, 2009 and this application was made to SEBI on 31st August 2013 seeking condonation of the delay in allotment of Bonus shares to the promoters and for retaining 20th June 2013 as the record date for the Bonus issue. SEBI in their letter dated 14th February 2014 declined to accede to the request of the company to allot Bonus shares to the promoter shareholders also on the ground that the interest of investors including those who traded in shares of the company based on the resolution passed at the EGM held on 29-05-2013, would be adversely affected.

Under the circumstances the company is unable to act on the resolution passed at the EGM held on 24-08-2013 and to allot 2,254,173 Bonus shares to Promoter shareholders (in the ratio 1:3) and 696,667 shares to employees under ESPS scheme as per resolutions adopted therein and hence no adjustment in this regard is made in the accounts for the year ending 31.03.2014.

The company was legally advised that none of the preconditions of the Companies Act or the relevant provisions regarding Bonus issue under Chapter IX (Regulation 92 to 95 of the SEBI (ICDR) Regulation 2009), have been breached in the present case and even the decision to issue Bonus shares to the promoter shareholders was unanimously approved by public shareholders present in the EGM held on 24th August 2013, and the Promoter shareholders present in the meeting had abstained from voting on the resolution and SEBI is empowered to condone the delay, under Regulation 95(2) of 2009 and no provisions of the Companies act, 1956 would stand violated if partial modification as sought by the company as above was allowed and condonation as sought was granted by SEBI. The company has filed an appeal against the order of SEBI as above before Securities Appellate Tribunal (SAT) and is hopeful that the matter will be resolved to the best interest of all at the earliest.

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	%	No. of shares	%	No. of shares
Nitta Gelatin Inc, Japan	42.96	3,900,300	46.43	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	34.07	2,862,220

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (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 dividends 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

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 31.03.2014	As at 31.03.2013
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	-

2.2 Reserves and Surplus

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Securities Premium Reserve		
Opening Balance	273,000,000	273,000,000
Add: additions during the year on account of shares issued under ESPS Scheme (See Note 2.1.1)	16,590,000	-
Closing Balance	289,590,000	273,000,000
Capital Investment Subsidy	1,500,000	1,500,000
Special Export Reserve		
(under the Income Tax Act, 1961)	7,900,000	7,900,000
General Reserve		
Opening Balance	641,256,000	625,672,786
Add: Transfer from Surplus	-	15,583,214
Less : Capitalised by way of issue of Bonus shares issued during the year (See Note 2.1.1)	5,791,600	
Closing Balance	635,464,400	641,256,000
Hedge Equalisation Reserve		
Opening Balance	4,785,189	-
Add: Net gain / (Loss) recognised on cash flow hedges	(44,838,261)	7,879,856
Less: Net gain / (Loss) reclassified to Statement of Profit and Loss during the year	(40,053,072)	3,094,667
	-	4,785,189

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)**

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Surplus		
Opening Balance	178,608,280	77,671,458
Net Profit / (Loss) after tax as per Statement of Profit and Loss	(49,592,261)	155,830,356
Amount available for Appropriation	129,016,019	233,501,814
Less: Appropriations		
Transfer to General Reserve	-	15,583,214
Interim Dividend	-	33,600,000
Tax on Interim Dividend	-	5,710,320
Closing Balance	129,016,019	178,608,280
	1,063,470,419	1,107,049,469

2.3 Long Term Borrowings

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Secured		
Term Loans		
From State Bank of India [See Note 2.3.1]	54,397,149	-
From Canara Bank [See Note 2.3.2]	35,578,626	-
	89,975,775	-

2.3.1 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 Base Rate + 2.40 % The principal amount of the loan is to be repaid on monthly instalments in the following manner:

Period	Amount Rs
From, October 2014 to March 2017	1,000,000
From, April 2017 to March 2019	1,500,000
From, April 2019 to September 2019	2,000,000

2.3.2 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. The interest rate is Base Rate + 3.00 %

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.3.3 Current Maturities of Long - term borrowing (disclosed under other current liabilities in Note No.2.8)

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Term Loans		
From State Bank of India	6,000,000	-
From Canara Bank	4,500,000	-
	10,500,000	-

2.4 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	83,624,000	80,335,000
Timing differences on assessment of income	7,805,000	8,024,000
B. Deferred Tax Assets		
On Provisions	7,526,000	4,968,000
On unabsorbed depreciation	27,277,000	-
On other disallowances	20,622,000	17,703,000
Deferred Tax Liabilities (Net) (A-B)	36,004,000	65,688,000

2.5 Long-term Provisions

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Provision for Employee Benefits [See Note 2.5.1]	17,378,882	16,243,397
	17,378,882	16,243,397

2.5.1 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	11,863,522	10,758,753
Employers contribution to Employee's State Insurance	867,471	895,664

b. Defined Benefit Plans - Gratuity: Funded Obligation

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	9.10%	8.10%
Expected return on plan assets	9.25%	9.00%
Salary escalation rate*	5.00%	5.00%
Mortality rate	LIC (2006-2008) Ultimate	LIC (2006-2008) Ultimate

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

*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	38,885,727	28,820,832
Current Service Cost	2,650,885	2,658,027
Interest Cost	3,195,139	2,379,636
Actuarial (gain)/ loss	(1,427,015)	7,964,631
Benefits Paid	(7,548,629)	(2,937,399)
Present value of obligation at the end of the year	35,756,107	38,885,727

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	30,249,051	25,259,603
Expected return on plan assets	2,996,398	2,401,271
Actuarial gain/ (loss)	610,595	(254,205)
Contributions to the fund	8,000,000	5,779,781
Contributions towards direct benefit payments	3,837,500	-
Benefits paid from fund	(3,711,129)	(2,937,399)
Benefits paid directly	(3,837,500)	-
Fair value of plan assets at the end of the year	38,144,915	30,249,051

iv. Description of Plan Assets	Current Year Rupees	Previous Year Rupees
Insurer Managed Funds (LIC of India)	38,144,915	30,249,051

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees	2010-11 Rupees	2009-10 Rupees
Present value of obligation at the end of the year	35,756,107	38,885,727	28,820,832	27,648,601	22,962,781
Fair value of plan assets at the end of the year	38,144,915	30,249,051	25,259,603	26,698,214	25,486,228
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	(2,388,808)	8,636,676	3,561,229	950,387	(2,523,447)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

vi. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	2,650,885	2,658,027
Interest Cost	3,195,139	2,379,636
Actuarial (gain)/ loss recognized in the period	2,037,610	8,218,836
Past Service Cost (if applicable)	-	-
Expected return on plan assets	(2,996,398)	(2,401,271)
Total expenses recognized in the Statement of Profit and Loss for the year	4,887,236	10,855,228
Actual return on plan assets	3,606,993	2,147,066

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)	9.10%	8.10%
Salary escalation rate*	5.00%	5.00%
Mortality rate	LIC (2006-2008) Ultimate	LIC (2006-2008) Ultimate

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

ii. Reconciliation of present value of obligation	Current Year Rupees	Previous Year Rupees
Present value of obligation at the beginning of the year	20,603,718	14,041,883
Current Service Cost	1,504,848	1,494,159
Interest Cost	1,392,950	1,090,489
Actuarial (gain)/ loss	1,420,571	6,992,242
Benefits Paid	(6,813,609)	(3,015,055)
Present value of obligation at the end of the year	18,108,478	20,603,718

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees	2010-11 Rupees	2009-10 Rupees
Present value of obligation at the end of the year	18,108,478	20,603,718	14,041,883	12,381,328	13,016,785
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	18,108,478	20,603,718	14,041,883	12,381,328	13,016,785

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

iv. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	1,504,848	1,494,159
Interest Cost	1,392,950	1,090,489
Actuarial (gain)/ loss recognized in the period	1,420,571	6,992,242
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	4,318,369	9,576,890

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

2.6 Short-term Borrowings

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Working Capital Loan from Banks (Secured) (See Note 2.6.1)	420,155,001	390,992,511
Term Loan from Banks (Secured) (See Note 2.6.2)	7,000,000	-
From Others:		
Loan from Related Party (Unsecured) - Reva Proteins Limited (Subsidiary Company) (See Note 2.6.3)	-	29,060,438
	427,155,001	420,052,949

2.6.1 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.

2.6.2 Secured by exclusive charge over the fixed assets to be created out of the term loan. The loan is repayable in four quarterly installments of Rs 2,500,000 each commencing from the first quarter of the financial year 2014-15. The interest rate is Base Rate + 3.00 %

2.6.3 Unsecured loan from Related Party is repayable on demand.

2.7 Trade Payables

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Trade Payables (See Note 2.7.1)	321,376,784	214,450,903
	321,376,784	214,450,903

2.7.1 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 31.03.2014, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 69,021 (Rs. 673,186) 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 ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.8 Other Current Liabilities

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Current maturities of long term borrowings (See Note 2.3.1 and 2.3.2)	10,500,000	-
Unpaid Dividend	1,793,682	1,441,417
Interest accrued and due on borrowings	630,996	1,167,394
Other Payables -		
- Statutory Dues	13,131,042	9,084,929
- Creditors for Capital Goods	5,128,729	6,256,500
- Other Recoveries Payable	681,110	1,425,402
	31,865,559	19,375,642

2.9 Short-term Provisions

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Provision for employee benefits [See Note 2.5.1]	729,596	12,996,998
Others		
- Proposed Dividend	-	33,600,000
- Corporate Dividend Tax	-	5,710,320
- Excise Duty	9,598,921	8,799,108
- Water Cess [See Note 2.28.2(ii)]	6,183,200	6,183,200
- Income Tax (net)	8,179,436	22,141,573
	24,691,153	89,431,199

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014(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 01-04-2013	Additions	Disposals/ Adjustments	As at 31-03-2014	As at 01-04-2013	For the year	Disposal/ Adjustments	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
FIXED ASSETS:										
(A) Tangible Assets										
Land and Development	37,099,095	6,971,850	-	44,070,945	-	-	-	-	44,070,945	37,099,095
	(37,099,095)	-	-	(37,099,095)	-	-	-	-	(37,099,095)	(37,099,095)
Leasehold Land	26,148,286	-	-	26,148,286	4,087,048	290,246	-	4,377,294	21,770,992	22,061,238
	(26,148,286)	-	-	(26,148,286)	(3,796,802)	(290,246)	-	(4,087,048)	(22,061,238)	(22,351,484)
Buildings	264,931,190	51,837,196	-	316,768,386	159,674,578	10,872,164	-	170,546,742	146,221,644	105,256,612
	(259,834,261)	(7,416,609)	(2,319,680)	(264,931,190)	(150,612,022)	(10,897,015)	(1,834,459)	(159,674,578)	(105,256,612)	(109,222,239)
Plant & Equipment	1,333,754,450	179,220,489	1,759,597	1,511,215,342	838,478,569	88,757,183	1,663,740	925,572,012	585,643,330	495,275,881
	(1,263,361,717)	(76,629,915)	(6,237,182)	(1,333,754,450)	(761,729,076)	(80,735,966)	(3,986,473)	(838,478,569)	(495,275,881)	(501,632,641)
Office Equipments	19,678,134	2,158,771	308,026	21,528,879	12,394,131	1,893,575	190,503	14,097,203	7,431,676	7,284,003
	(20,699,702)	(3,038,440)	(4,060,008)	(19,678,134)	(14,082,401)	(1,763,063)	(3,451,333)	(12,394,131)	(7,284,003)	(6,617,301)
Furniture & Fittings	9,120,531	272,561	-	9,393,092	7,347,041	465,642	-	7,812,683	1,580,409	1,773,490
	(8,662,352)	(567,564)	(109,385)	(9,120,531)	(7,085,789)	(371,290)	(110,038)	(7,347,041)	(1,773,490)	(1,576,563)
Vehicles	6,895,058	-	-	6,895,058	2,854,539	1,046,089	-	3,900,628	2,994,430	4,040,519
	(4,277,241)	(2,617,817)	-	(6,895,058)	(1,921,560)	(932,979)	-	(2,854,539)	(4,040,519)	(2,355,681)
Total Tangible Assets	1,697,626,744	240,460,867	2,067,623	1,956,019,988	1,024,835,906	103,324,899	1,854,243	1,126,306,562	809,713,426	672,790,838
Previous Year	1,620,082,654	90,270,345	12,726,255	1,697,626,744	939,227,650	94,990,559	9,382,303	1,024,835,906	672,790,838	680,855,004
(B) Intangible Assets										
Software	13,032,851	2,530,799	-	15,563,650	6,400,227	3,016,293	-	9,416,520	6,147,130	6,632,624
	(9,868,255)	(3,164,596)	-	(13,032,851)	(3,944,829)	(2,455,398)	-	(6,400,227)	(6,632,624)	(5,923,426)
Total Assets (A+B)	1,710,659,595	242,991,666	2,067,623	1,951,583,638	1,031,236,133	106,341,192	1,854,243	1,135,723,082	815,860,556	679,423,462
Previous Year	1,629,950,909	93,434,941	12,726,255	1,710,659,595	943,172,479	97,445,957	9,382,303	1,031,236,133	679,423,462	686,778,430
CAPITAL WORK IN PROGRESS:										
Building and Plant under construction	6,783,954	45,058,209	51,019,625	822,538					822,538	6,783,954
	(87,825)	(14,112,738)	(7,416,609)	(6,783,954)					(6,783,954)	(87,825)
Plant, Machinery and Equipment under installation	77,462,934	96,860,494	9,121,875	83,201,553					83,201,553	77,462,934
	(63,284,351)	(66,438,153)	(52,259,570)	(61,971,707)					(61,971,707)	(51,922,581)
Interest / Finance charges	-	3,523,569	3,523,569	-					-	-
	(660,857)	-	(660,857)	-					-	(660,857)
Less : Income on trial production (Net)	-	1,235,238	1,235,238	-					-	-
	-	-	-	-					-	-
Total	84,246,888	144,207,034	144,429,831	84,024,091					84,024,091	84,246,888
Previous Year	64,033,033	80,550,891	60,337,036	84,246,888					84,246,888	64,033,033

Note: Additions to Gross Block includes borrowing cost amounting to Rs 3,523,569/- (Rs 660,857), capitalised.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.11 Non-current Investments

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Investment in Equity Instruments (at Cost) - Long term		
Quoted (Non Trade):		
a. 420 (420) Equity Shares of Rs.10/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
Aggregate amount of quoted investments (A)	149,800	149,800
Aggregate Market Value: Rs 808,341 (Rs. 873,165)		
Unquoted (Trade):		
a. In Subsidiary Companies:		
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. Others:		
2,400 (2,400) fully paid up Equity Shares of Rs.100/- each in Organo Fertilizers (India) Pvt. Limited.	240,000	240,000
60,000 (60,000) fully paid up Equity Shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited	2,880,000	2,880,000
Less: Provision for diminution in value of investments	2,880,000	2,880,000
	-	-
Aggregate amount of unquoted investments (B)	323,503,437	323,503,437
Aggregate provision for diminution in value of investments Rs. 2,880,000 (Rs. 2,880,000)		
Total Investments (A + B)	323,653,237	323,653,237

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.12 Long-term Loans and Advances

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Unsecured (Considered Good)		
Capital Advance	2,507,648	8,857,656
Others		
- Vehicle/ Computer loan to employees	421,156	576,433
- Education loan to employees	205,674	-
- Deposits	10,446,119	7,456,379
Unsecured (Considered Doubtful)		
Sales Tax Deposit	1,100,494	1,100,494
Less: Provision for doubtful deposits	1,100,494	1,100,494
	-	-
	13,580,597	16,890,468

2.13 Inventories

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Raw Materials	75,834,912	151,200,521
Work-in-process	256,769,473	210,038,124
Finished Goods	117,126,112	95,566,862
Stores & Spares	62,197,992	69,954,342
Others - Packing Materials	5,852,229	6,441,001
	517,780,718	533,200,850

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

2.14 Trade Receivables

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	3,334,993	6,266,359
Unsecured, Considered Doubtful	2,038,260	2,047,732
	5,373,253	8,314,091
Less: Provision for Doubtful Debts	2,038,260	2,047,732
	3,334,993	6,266,359
Others (Unsecured, Considered Good)	217,974,578	254,358,064
	221,309,571	260,624,423

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.15 Cash and Cash Equivalents

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Balance with Banks		
In Current Accounts	6,490,643	10,410,337
In Deposit Accounts	2,491,776	2,183,674
Cash on hand	1,288,981	661,572
	10,271,400	13,255,583

2.15.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 1,793,682 (Rs. 1,441,417)

2.15.2 Balance with banks in Deposit Accounts include Rs. 2,491,776 (Rs.2,183,674) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee

2.16 Short-term Loans and Advances

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
(Unsecured, Considered Good)		
Loans and Advances to Related Parties:		
- Due from Bamni Proteins Limited (Subsidiary Company)	-	1,474,785
Others:		
- Advances recoverable in cash or in kind or for value to be received.	46,736,098	35,681,156
- Vehicle/Computer loan to employees	388,292	486,095
- Education loan to employees	36,296	-
- Deposits	176,741	772,848
- Balances with Central Excise, Customs etc.	12,860,200	8,152,101
	60,197,627	46,566,985

2.17 Other Current Assets

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Interest Receivable	534,214	424,886
Export Incentive:		
- Duty Drawback [See Note 2.17.1]	29,340,096	27,281,212
Less: Provision for Claims Disputed	(6,858,636)	(6,858,636)
	22,481,460	20,422,576
- Duty Entitlement Pass Book [See Note 2.17.2]	21,870,100	21,841,032
- Export incentive - Status Holder Incentive Scrip	1,373,977	2,017,609
Marked to market Gain (net) on forward contract recognized	-	4,943,201
Others	9,771,625	8,780,359
	56,031,376	58,429,663

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.17.1 Duty Drawback includes Rs. 6,461,789 (Rs. 6,461,789) being claims taken credit for in prior years not admitted by the Department. During an earlier year, a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Hon High Court. Though the company is hopeful of a favourable decision, provision created in the accounts in the preceding years has been retained as a matter of abundant caution.

2.17.2 Represents claims accounted as income for earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods of Rs 4,151,031 (Rs 4,151,031) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations and the management is of the opinion that claims are fully recoverable, and no provision is considered necessary at this stage.

2.18 Revenue from operations

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Sale of Products		
Gross Sales	2,897,338,915	3,081,391,906
Other Operating Revenues		
Miscellaneous Sales	50,186,224	28,401,791
Export Incentive [See Note 2.17.2]		
- Duty Drawback	22,462,928	26,543,684
Provision / sundry balances written back	-	4,980,928
Other Miscellaneous Income	2,344,071	4,826,023
	74,993,223	64,752,426
	2,972,332,138	3,146,144,332
Less: Excise Duty collected on domestic sales	79,903,486	83,933,402
	2,892,428,652	3,062,210,930

2.19 Other Income

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Interest Income	1,037,475	12,679,610
Dividend Income from Non Current Investments	17,430	-
Foreign Exchange Rate Variation (net)	-	14,750,468
Other non operating Income	120,000	120,000
	1,174,905	27,550,078

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.20 Cost of materials consumed

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Opening Stock	151,200,521	119,936,189
Add: Purchases	1,449,555,244	1,513,865,340
	1,600,755,765	1,633,801,529
Less: Closing Stock	75,834,912	151,200,521
	1,524,920,853	1,482,601,008

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

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Closing Stock		
Finished Goods	117,126,112	95,566,862
Work-in-process	256,769,473	210,038,124
	373,895,585	305,604,986
Less:		
Opening Stock		
Finished Goods	95,566,862	79,944,192
Work-in-process	210,038,124	134,876,981
	305,604,986	214,821,173
	68,290,599	90,783,813

2.22 Employee benefits expense

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Salaries & Wages	140,491,165	146,417,933
Contribution to Provident and Other Funds	13,549,873	22,527,995
Expense on Employees Stock Purchase scheme (See Note 2.22.1)	12,590,000	-
Workmen and Staff Welfare Expenses	29,962,298	29,892,887
	196,593,336	198,838,815

2.22.1 As stated in Note 2.1.1, the excess of market price of the share, over the price at which they are issued under the ESPS amounting to Rs 12,590,000(Nil) has been treated as employee benefit expense with corresponding credit to the securities premium reserve in accordance with the applicable SEBI guidelines

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.23 Finance costs

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Interest Expense	59,356,197	62,921,226
Other Borrowing Cost	-	660,857
	59,356,197	63,582,083

2.24 Other Expenses

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Conversion charges	263,431,087	200,839,901
Consumption of Stores, Spares & Consumables	51,146,634	53,181,088
Packing materials Consumed	36,936,358	35,243,404
Research & Development Expenditure [See Note 2.24.1]	28,739,881	24,515,900
Power, Fuel, Water & Gas	304,824,866	356,280,040
Repairs		
- Building	6,423,349	6,126,458
- Plant & Machinery	111,255,579	85,461,230
- Others	28,526,744	26,227,625
Loading, Transportation and Other charges on products	65,222,225	50,420,415
Freight on Exports	14,001,607	25,768,638
Insurance	7,016,265	6,356,411
Rent	4,450,023	5,411,714
Rates & Taxes	5,744,070	5,926,807
Postage & Telephone	5,013,916	4,599,477
Printing & Stationery	2,347,623	1,737,046
Travelling & Conveyance	36,255,477	32,663,956
Director's sitting fee	940,000	375,000
Auditor's Remuneration [See Note 2.24.2]	1,413,096	1,212,495
Advertisement & Publicity	17,654,080	19,502,649
Discount & Commission on Sales	26,808,819	33,682,796
Professional & Consultancy charges	48,740,651	34,305,531
Bank Charges	4,994,560	3,170,299
Miscellaneous Expenses	40,506,660	41,589,160
Loss on sale of assets	119,992	3,652,564
Foreign Exchange rate variation (Net)	25,352,273	-
	1,137,865,835	1,058,250,604

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.24.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Revenue Expenditure		
Salary & Allowances	4,245,503	4,758,289
Other Expenses	24,494,378	19,757,611
	28,739,881	24,515,900
Capital Expenditure - Fixed assets	1,489,846	2,298,217
- Capital Work in Progress *	26,827,633	-
	57,057,360	26,814,117

* Represents Research and Development project undertaken by the company on the premises of subsidiary company Bamni Proteins Ltd. , which is subject to the approval from the Department of Science and Industrial Research.

2.24.2 Provision and/or payments in respect of Auditor's Remuneration

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
a. Statutory Audit Fees	675,000	550,000
b. Other Services		
- Taxation Matters (Including Tax Audit)	224,317	110,500
- Others	456,061	503,000
- Reimbursement of Expenses	57,718	48,995
	1,413,096	1,212,495

2.25 Earnings per equity share (See note 2.25.1)

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Net Profit / (Loss) after taxation	(49,592,261)	155,830,356
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Basic	9,059,708	8,979,160
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,059,708	8,979,160
Earnings per share - Basic	(5.47)	17.35
Earnings per share - Diluted	(5.47)	17.35

2.25.1 During the year 579,160 bonus shares were allotted to non promoter shareholders in the ratio of 1:3 and accordingly the Earnings per share for the current period and previous periods have been restated in the manner required by Accounting Standard 20 " Earnings Per Share".

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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

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.	Key Managerial Personnel		
i.	Mr G. Suseelan	-	Managing Director (upto 31.03.2014)
ii.	Mr Sajiv K. Menon	-	Managing Director (w.e.f 01.04.2014)

B. Description of Transactions

Nature of Transaction	Subsidiary Company/ Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<u>Sale and Income</u>				
1. Sale of Goods:				
Nitta Gelatin Inc		1,028,337,468 (914,518,164)		1,028,337,468 (914,518,164)
Nitta Gelatin NA Inc		403,986,868 (471,657,921)		403,986,868 (471,657,921)
2. Interest income:				
Reva Proteins Ltd	-			-
	(11,900,908)			(11,900,908)
3. Expenses recovered (Net):				
Bamni Proteins Ltd	29,107,091			29,107,091
	(26,870,921)			(26,870,921)
<u>Purchase and Expenses</u>				
1. Purchase of Goods:				
Nitta Gelatin Inc		9,921,907 (18,525,024)		9,921,907 (18,525,024)
2. Purchase of Fixed Assets:				
Bamni Proteins Limited	-			-
	(51,000)			(51,000)
3. Interest paid:				
Reva Proteins Limited	1,934,194			1,934,194
	(1,297,104)			(1,297,104)
4. Commission expense:				
Nitta Gelatin Inc				
- For Sale of Gelatin		616,820 (787,780)		616,820 (787,780)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

Nature of Transaction	Subsidiary Company/ Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
- For Sale of Peptide		458,224 (106,633)		458,224 (106,633)
5. Rent paid - Bamni Proteins Ltd	47,667			47,667
	-			-
6. Conversion charges: Bamni Proteins Limited	123,507,691 (117,752,758)			123,507,691 (117,752,758)
Reva Proteins Limited	126,886,563 (82,407,827)			126,886,563 (82,407,827)
7. Rebate/ Discount expense: Nitta Gelatin Inc		2,277,157 (3,685,413)		2,277,157 (3,685,413)
Nitta Gelatin NA Inc		5,171,714 (2,984,597)		5,171,714 (2,984,597)
8. Technical Assistance Fee: Nitta Gelatin Inc		2,035,500 (1,981,350)		2,035,500 (1,981,350)
9. Reimbursement of Expenses (Net): Nitta Gelatin NA Inc		- (2,926,426)		- (2,926,426)
Nitta Gelatin Inc		1,733,677 (7,704,582)		1,733,677 (7,704,582)
Reva proteins Limited	7,954,031 (6,869,211)	-		7,954,031 (6,869,211)
Directors sitting fees			20,000	20,000
			-	-
10 Remuneration to Managing Director (See Note 2.26.1 and 2.26.2)			14,308,542	14,308,542
			(4,268,150)	(4,268,150)
Investments				
1. Reva Proteins Limited	284,013,000 (284,013,000)			284,013,000 (284,013,000)
2. Bamni Proteins Limited	35,000,437 (35,000,437)			35,000,437 (35,000,437)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)**

Nature of Transaction	Subsidiary Company/ Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
3. K K Organics Private Limited *	2,880,000 (2,880,000)			2,880,000 (2,880,000)
*Provision created for loss in investments Rs. 2,880,000 (Rs. 2,880,000)				
<u>Guarantees Given</u>				
1. Reva Proteins Limited	200,000,000 (200,000,000)			200,000,000 (200,000,000)
2. Bamni Proteins Limited	-			-
	-			-
<u>Dividend Paid</u>				
1. Nitta Gelatin Inc		15,601,200 (15,601,200)		15,601,200 (15,601,200)
<u>Loans Given</u>				
1. Reva Proteins Limited:	-			-
- Loan given	(28,179,457)			(28,179,457)
2. - Loan recovered	-			-
	(147,221,873)			(147,221,873)
<u>Loans received</u>				
1. Reva Proteins Limited	-			-
- Loan received	(40,000,000)			(40,000,000)
- Loan repaid	29,060,438 (10,939,562)			29,060,438 (10,939,562)
<u>Receivables</u>				
1. Nitta Gelatin Inc		9,615,041 (67,767,570)		9,615,041 (67,767,570)
2. Nitta Gelatin NA Inc		10,358,342 (8,746,643)		10,358,342 (8,746,643)
3. Nitta Gelatin Canada Inc		-		-
		(54,369)		(54,369)
4. Bamni Proteins Limited	-			-
- Trade Advance	(1,474,785)			(1,474,785)
<u>Payables</u>				
1. Reva Proteins Ltd	32,699,049 (4,223,071)			32,699,049 (4,223,071)
2. Bamni Proteins Ltd	11,718,800			11,718,800
	-			-
3. Reva Proteins Ltd	-			-
-Loan	(29,060,438)			(29,060,438)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.26.1 In view of the loss incurred, the remuneration paid / payable to the Managing Director during the year - Rs. 5,198,506/- is subject to necessary approvals prescribed under the Companies Act, 1956. Further, leave travel allowance of Rs. 932,869/- provided as payable to the Managing Director for earlier years is subject to necessary approvals under the Companies Act 1956, being variation in terms of remuneration for such years.

2.26.2 Remuneration to MD for the year includes gratuity and leave encashment paid out of liability funded /recognised in earlier years - Rs 8,177,167

2.26.3 Particulars of loans given to Subsidiary Companies

Particulars	Closing Balance Rupees	Maximum amount outstanding during the year Rupees
Reva Proteins Ltd	-	-
	(-)	(248,179.457)

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)	1,644,014,187	1,173,421,242	2,817,435,429
	(1,588,150,498)	(1,409,308,006)	(2,997,458,504)
Segment Result	269,681,898	67,680,864	337,362,762
	(399,976,356)	(216,451,628)	(616,427,984)
Unallocated Expenditure (Net)			351,111,729
			(291,544,571)
Interest Expense			59,356,197
			(63,582,083)
Profit / (Loss) before Taxation			(73,105,164)
			(261,301,330)

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)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

2.28.1 Provisions

Nature of Provision	Balance as at 01.04.2013	Additional Pro- vision during the year	Amounts used/ changed dur- ing the year	Unused amounts reversed	Balance as at 31.03.2014
Provision for Central Excise Duty. [See Note 2.28.1(i)]	8,799,108	799,813	-	-	9,598,921
	(7,868,898)	(930,210)	-	-	(8,799,108)
Provision for Water Cess	6,183,200	-	-	-	6,183,200
	-	(6,183,200)	-	-	(6,183,200)

2.28.1 (i). Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 31,065,141 (Rs 28,903,586), 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 9,598,921 (Rs. 8,799,108) as a matter of abundant caution and the balance amount of Rs. 21,466,220 (Rs 20,104,478) has been disclosed as a contingent liability.

2.28.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note 2.28.2(i)]	67,049,358	22,415,688
b. Value Added Tax/ CST	-	20,642,815
c. Excise Duty [See Note 2.28.1(i)]	21,581,940	20,104,478
d. Water Cess [See Note 2.28.2(ii)]	65,301,200	65,301,200
2. Foreign Bills Discounted	239,148,923	205,623,547
3. Domestic Bills Discounted	1,632,000	-
4. Counter Guarantee issued in favour of bankers	6,352,152	7,546,152
5. Corporate guarantee issued in favour of Subsidiary Companies		
a. Reva Proteins Limited. - Amount outstanding	156,250,000	181,235,399
[Amount of Guarantee - Rs 200,000,000 (Rs 200,000,000)]		
Total	557,315,573	522,869,279

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

2.28.2 (ii) 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

The company had also made a representation to the Secretary (Water Resources), Government of Kerala which is pending consideration of the government. During the previous year, 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.

2.29 Estimated amount of contracts remaining to be executed on capital account - Rs.32,010,596 (Rs. 99,171,177)

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. 12,560,000 (Rs. 72,150,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfilment 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. 162,549,000 (Rs. 19,250,000) which is required to be fulfilled at different dates until 2015. In the event of non fulfilment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

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

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

2.32.1 (i) The following are the forward contracts entered by the company and outstanding as at Balance Sheet date, determined to be effective hedges:

Particulars	As at 31.03.2014			As at 31.03.2013		
	\$	Rupees	Fair Value (Rupees)	\$	Rupees	Fair Value Rupees
Export receivables	-	-	-	236,220	13,005,991	12,847,979
Export transactions	-	-	-	6,163,658	350,197,055	345,411,866

2.32.1 (ii) The table below summarises the notional amounts (amounts of contract booked and outstanding) of foreign currency forward contracts into relevant maturity groupings based on the remaining period as at the Balance Sheet date

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Notional \$	Gain/(Loss) Rupees	Notional \$	Gain/(Loss) Rupees
Export transactions				
Not later than three months	-	-	814,138	438,668
Later than three months and not later than six months	-	-	2,749,520	2,107,521
Later than six months and not later than one year	-	-	2,600,000	2,239,000
Total	-	-	6,163,658	4,785,189

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	\$	Rupees	\$	Rupees
Receivables	-	-	236,220	12,760,577

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

Particulars	For the year ended 31.03.2014		For the year ended 31.03.2013	
	FC	Rupees	FC	Rupees
Receivables				
USD	482,252	28,602,391	1,358,531	73,381,137
EURO	68,320	5,551,016	51,800	3,574,718
AUD	-	-	970	54,368
GBP	114,070	11,214,222	-	-
Payables				
USD	245,036	14,822,170	92,582	5,080,879
CAD	6,700	367,629	21,453	1,162,754
EURO	13,988	1,167,718	-	-
Japanese YEN	3,000,000	1,831,950	3,000,000	1,757,700

2.33 Turnover and Opening and Closing stock

Particulars	Sales Rupees	Closing Inventory Rupees		Opening Inventory Rupees	
		FG	WIP	FG	WIP
		Ossein	667,135,026 (728,232,388)	34,580,813 (26,292,062)	
Dicalcium Phosphate	535,876,010 (696,010,346)	10,378,565 (1,736,283)		1,736,283 (5,682,425)	
Gelatin	1,348,553,978 (1,442,266,834)	13,323,158 (7,110,348)	233,438,845 (189,600,956)	7,110,348 (9,864,842)	189,600,956 (110,325,273)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.)

Particulars	Sales Rupees	Closing Inventory Rupees		Opening Inventory Rupees	
		FG	WIP	FG	WIP
	(115,539,689)	(54,126,047)		(41,783,132)	(180,535)
Others	71,631,599	6,553,330	23,330,628	6,302,122	20,437,168
	(15,409,247)	(6,302,122)	(20,437,168)	(5,127,509)	(24,371,173)
	2,817,435,429	117,126,112	256,769,473	95,566,862	210,038,124
	(2,997,458,504)	(95,566,862)	(210,038,124)	(79,944,192)	(134,876,981)

2.34 Particulars of raw materials consumed during the year

Particulars	For the year ended 31.03.2014		For the year ended 31.03.2013	
	Quantity (MT)	Value	Quantity (MT)	Value
Crushed Bone	41,353	1,135,687,726	46,191	1,034,567,439
Ossein	681	97,246,495	1,367	168,814,494
Hydrochloric Acid	41,934	91,532,501	48,028	84,809,065
Hydrated Lime	5,902	42,761,849	7,381	53,164,260
Limed Ossein	-	-	78	11,767,350
Others	-	157,692,282	-	129,478,400
		1,524,920,853		1,482,601,008

2.35 Breakup of Consumption

Particulars	For the year ended 31.03.2014		For the year ended 31.03.2013	
	%	Amount	%	Amount
Raw Materials				
Imported	4.28	65,339,514	3.56	52,746,733
Indigenous	95.72	1,459,581,339	96.44	1,429,854,275
Total	100.00	1,524,920,853	100.00	1,482,601,008
Stores & Spares *				
Imported	7.61	9,175,707	2.90	3,442,934
Indigenous	92.39	111,411,426	97.10	115,121,426
Total	100.00	120,587,133	100.00	118,564,360
*Debited under Stores & Spares Consumed		51,146,634		53,181,088
*Debited under Repairs & Maintenance		69,440,499		65,383,272
		120,587,133		118,564,360

2.36 CIF Value of Imports

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
	Rupees	Rupees
Raw Materials	43,811,364	74,775,421
Traded Gelatin	9,921,907	18,525,024

Particulars	For the year ended	For the year ended
	31.03.2014	31.03.2013
	Rupees	Rupees
Packing Materials	2,602,881	1,100,458
Components, Stores and Spares	9,681,392	4,958,148
Capital Goods	8,001,602	2,928,509
	74,019,146	102,287,560

2.37 Expenditure in foreign currency on account of :

Particulars	For the year ended	For the year ended
	31.03.2014	31.03.2013
	Rupees	Rupees
Professional, Consultation fee and Interest	4,055,624	5,406,031
Other Matters (including travel)	19,327,486	39,696,674
	23,383,110	45,102,705

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

Particulars	For the year ended	For the year ended
	31.03.2014	31.03.2013
i. No. of non-resident shareholders to whom dividend was remitted	1	1
ii. No. of shares held by them	3,900,300	3,900,300
iii. Year to which the dividend related	2012-13	2011-12
iv. Amount remitted (Rupees)	15,601,200	15,601,200

2.39 Earnings in Foreign Exchange

Particulars	For the year ended	For the year ended
	31.03.2014	31.03.2013
	Rupees	Rupees
Export of goods calculated on FOB basis	1,629,610,667	1,562,093,384
	1,629,610,667	1,562,093,384

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.

As per our separate report of even date attached

For VARMA AND VARMA
(FRN: 004532S)

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

Place: Kochi
Date: 09.05.2014

For and on behalf of the Board of Directors

P H. KURIAN
Chairman

KEIJI SUZUKI
Director

K. L. KUMAR
Director

SAJIV K. MENON
Managing Director

K. RAMAKRISHNAN
Director

T.P. THOMASKUTTY
Director

T. YAMAKI
Director

A.K.NAIR
Director

G. RAJESH KURUP
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956,
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES**

1	Name of the Company	Bamni Proteins Ltd.	Reva Proteins Ltd.
2	Financial year of the Subsidiary Company ended on	March 31, 2014	March 31, 2014
3	Extent of Holding Company's Interest:		
	i. Shares of the subsidiary held by the Company on the above date	3,500,000 ordinary shares of Rs. 10/- each	14,060,520 ordinary shares of Rs. 10/- each
	ii. Extent of Holding Company's interest	82.35% of the Paid-up Equity Share Capital	74.55% of the Paid-up Equity Share Capital
4	The net aggregate amount of the Subsidiary Company's profit/ loss so far as it concerns the members of the Holding Company		
	a. Not dealt with in the Holding Company's accounts:		
	i. For the financial year ended 31 March 2014	Profit of Rs. 5,961,224	Loss of Rs. 17,225,542
	ii. For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Loss of Rs. 5,027,838	Loss of Rs. 68,305,172
	b. Dealt with in the Holding Company's accounts:		
	i. For the financial year ended 31 March 2014	Nil	Nil
	ii. For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Nil	Nil

For and on behalf of the Board of Directors

P H. KURIAN
Chairman

SAJIV K. MENON
Managing Director

T. YAMAKI
Director

KEIJI SUZUKI
Director

K. RAMAKRISHNAN
Director

A.K.NAIR
Director

K. L. KUMAR
Director

T.P. THOMASKUTTY
Director

Place: Kochi
Date: 09.05.2014

G. RAJESH KURUP
Company Secretary

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Nitta Gelatin India Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **Nitta Gelatin India Limited** ("the Company") and its two subsidiaries (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The management is responsible for the preparation of these consolidated financial statements 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the loss of the group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Emphasis of Matter

We draw Attention to Note No: 2.2.1 regarding the inability of the Company to act upon the resolution of the shareholders at its EGM held on 24.08.2013 relating to the allotment of 2,254,173 bonus shares to promoter shareholders and also 696,667 shares under the ESPS in respect of which no adjustments has been made in the accounts for the reasons stated therein. Our opinion is not qualified in respect of this matter.

For VARMA AND VARMA
(FRN : 004532S)

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

Place : Kochi
Date : 09.05.2014

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	2.2	90,791,600	84,000,000
b. Reserves and Surplus	2.3	996,053,553	1,050,894,999
c. Minority Interest	2.4	81,320,975	85,925,717
2 Non-current Liabilities			
a. Long-term borrowings	2.5	221,225,775	156,235,399
b. Deferred Tax Liabilities (Net)	2.6	36,004,000	65,688,000
c. Long-term provisions	2.7	34,028,524	32,259,188
3 Current Liabilities			
a. Short-term borrowings	2.8	427,155,001	390,992,511
b. Trade payables	2.9	291,276,800	223,113,698
c. Other current liabilities	2.10	59,448,041	44,777,635
d. Short-term provisions	2.11	26,015,862	90,925,849
Total		2,263,320,131	2,224,812,996
II. ASSETS			
1 Non-current Assets			
a. Fixed Assets	2.12		
i. Tangible Assets		1,247,663,287	1,160,175,822
ii. Intangible Assets		6,147,130	6,632,624
iii. Capital Work-in-Progress		85,826,474	85,098,268
b. Non-current investments	2.13	8,179,800	8,179,800
c. Long-term Loans and Advances	2.14	36,251,618	38,583,697
2 Current Assets			
a. Inventories	2.15	525,722,023	539,475,965
b. Trade Receivables	2.16	221,309,571	260,624,423
c. Cash and Cash Equivalents	2.17	14,165,990	21,143,820
d. Short-term Loans and Advances	2.18	61,368,091	46,189,986
e. Other Current Assets	2.19	56,686,147	58,708,591
Total		2,263,320,131	2,224,812,996

Significant Accounting Policies and Notes on Accounts

1&2

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA AND VARMA
(FRN: 004532S)P H. KURIAN
ChairmanSAJIV K. MENON
Managing DirectorT. YAMAKI
Director(VIJAY NARAYAN GOVIND)
PartnerKEIJI SUZUKI
DirectorK. RAMAKRISHNAN
DirectorA.K.NAIR
DirectorCHARTERED ACCOUNTANTS
Membership No. 203094K. L. KUMAR
DirectorT.P. THOMASKUTTY
DirectorPlace: Kochi
Date: 09.05.2014G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year ended 31.03.2014 Rupees	Year ended 31.03.2013 Rupees
Income			
I. Revenue from operations (gross)	2.20	2,972,365,726	3,146,144,332
Less : Excise duty		79,903,486	83,933,402
Revenue from operations (net)		2,892,462,240	3,062,210,930
II. Other Income	2.21	2,746,624	20,771,292
III. Total Revenue		2,895,208,864	3,082,982,222
IV. Expenses:			
a. Cost of materials consumed	2.22	1,524,920,853	1,482,601,008
b. Purchases of stock-in-trade		9,921,907	18,525,024
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.23	(68,290,599)	(90,783,813)
d. Employee benefits expense	2.24	245,675,898	247,183,585
e. Finance costs	2.25	75,311,657	85,227,583
f. Depreciation and amortisation expense	2.12	165,160,425	157,147,036
g. Other expenses	2.26	1,027,931,964	984,823,542
Total Expenses		2,980,632,105	2,884,723,965
V. Profit / (Loss) before tax (III-IV)		(85,423,241)	198,258,257
VI. Tax expense:			
a. Current tax		4,100,000	97,631,000
Less : Mat Credit Entitlement		(550,939)	(950,000)
b. Tax for earlier years		6,171,097	11,495,132
c. Deferred tax		(29,684,000)	277,000
VII. Profit / (Loss) for the period (V - VI)		(65,459,399)	89,805,125
VIII. Less: Share of Profit/(Loss) of Subsidiaries for the year transferred to Minority Interest		(4,604,742)	(17,601,210)
IX Profit / (Loss) for the period after Minority Interest		(60,854,657)	107,406,335
X Earnings per equity share:			
Nominal value of share Rs. 10/- (Rs. 10/-)	2.27		
a. Basic		(6.72)	11.96
b. Diluted		(6.72)	11.96

Significant Accounting Policies and Notes on Accounts 1&2

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA AND VARMA
(FRN: 004532S)

P H. KURIAN
Chairman

SAJIV K. MENON
Managing Director

T. YAMAKI
Director

(VIJAY NARAYAN GOVIND)
Partner

KEIJI SUZUKI
Director

K. RAMAKRISHNAN
Director

A.K.NAIR
Director

CHARTERED ACCOUNTANTS
Membership No. 203094

K. L. KUMAR
Director

T.P. THOMASKUTTY
Director

Place: Kochi
Date: 09.05.2014

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	For the Year Ended 31.03.2014 Rupees	For the Year Ended 31.03.2013 Rupees
A. Cash Flows from Operating Activities		
Net Profit / (Loss) before Tax & Extraordinary Items	(85,423,241)	198,258,257
Adjustments for:		
Depreciation	165,160,425	157,147,036
(Profit)/Loss on sale of fixed assets	144,085	694,856
Interest Expenditure	75,311,657	84,566,726
Interest Income	(2,476,242)	(1,783,876)
Dividend Received	(17,430)	-
Foreign Exchange (Gain)/Loss	25,352,273	(14,750,468)
Provision for Doubtful debts	(9,472)	2,000,000
Excess provision/ sundry balances written back	-	(4,980,928)
Expense on Employees Stock Purchase scheme (See Note 3 below)	12,590,000	-
	<u>276,055,296</u>	<u>222,893,346</u>
Operating Profit / (Loss) before Working Capital Changes	190,632,055	421,151,603
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	18,662,108	(100,684,419)
(Increase)/Decrease in Inventories	13,753,942	(102,666,779)
Increase/(Decrease) in Trade/ other payables	61,692,654	17,904,436
	<u>94,108,704</u>	<u>(185,446,762)</u>
Cash generated from Operations	284,740,759	235,704,841
Direct Taxes	(24,266,187)	(81,274,207)
Foreign Exchange Gain/(Loss)	(25,352,273)	14,750,468
Cash Flow Before Extraordinary Items	235,122,299	169,181,102
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	235,122,299	169,181,102
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(247,223,307)	(139,581,235)
Sale of Fixed Assets	100,527	4,086,392
Interest Received	1,991,071	1,460,488
Dividend Received	17,430	-
Net Cash from/(used) in Investing Activities	(245,114,279)	(134,034,355)
C. Cash Flows from Financing Activities		
Dividend Paid	(33,247,735)	(33,325,140)
Corporate Dividend Tax	(5,710,320)	(5,450,760)
Proceeds from issue of shares (See Note 3 below)	5,000,000	48,000,000
Securities premium received on issue of shares to Minority	-	72,000,000
Increase/(Decrease) in Short Term Borrowings	36,162,490	26,959,398
Increase/(Decrease) in Long Term Borrowings	75,490,376	(53,511,769)
Interest Paid	(74,680,661)	(84,566,726)
Net Cash from/(used) in Financing Activities	3,014,150	(29,894,997)

NITTA GELATIN INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	For the Year Ended 31.03.2014 Rupees	For the Year Ended 31.03.2013 Rupees
Summary		
Net Cash from/(used) in Operating Activities	235,122,299	169,181,102
Net Cash from/(used) in Investing Activities	(245,114,279)	(134,034,355)
Net Cash from/(used) in Financing Activities	3,014,150	(29,894,997)
Net Increase/(Decrease) in Cash Equivalents	<u>(6,977,830)</u>	<u>5,251,750</u>
Cash and Cash Equivalents at beginning of the year	21,143,820	15,892,070
Cash and Cash Equivalents at the end of the year	<u>14,165,990</u>	<u>21,143,820</u>
	<u>(6,977,830)</u>	<u>5,251,750</u>

Note :

- Cash and cash equivalents at the end of the year includes Rs. 3,287,919 (Rs. 2,679,817) under lien and Rs 1,793,682 (Rs. 1,441,417) deposited in unclaimed dividend account which are earmarked for payment of dividend.
- Cash and Cash equivalents include balance with bank deposit accounts Rs. 71,984 (Rs.3,821,984) with a maturity period of more than 12 months, which can be withdrawn by the company without any penalty on the principal
- Expenses on Employees Stock Purchase scheme amounting to Rs 12,590,000 (Rs Nil) and issue of bonus shares during the current year amounting to Rs 5,791,600 (Rs Nil) have not been included in the cash flow statement, being non cash transactions

As per our separate report of
even date attached

For VARMA AND VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner

CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi
Date: 09.05.2014

For and on behalf of the Board of Directors

P H. KURIAN
Chairman

KEIJI SUZUKI
Director

K. L. KUMAR
Director

SAJIV K. MENON
Managing Director

K. RAMAKRISHNAN
Director

T.P. THOMASKUTTY
Director

T. YAMAKI
Director

A.K.NAIR
Director

G. RAJESH KURUP
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014

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 by the Companies (Accounting Standards) Rules, 2006.

b Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006.

c 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.

d Revenue Recognition

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

e Fixed Assets

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

f Depreciation/ Amortisation

i. Depreciation on Plant and Machinery (other than Service Equipment) is provided on Straight Line Method. The rates adopted are as prescribed in Schedule XIV of the Companies Act, 1956 read with Circular No. 1/1/86 dt.21.5.86, of the Department of Company Affairs, Govt. of India, except in respect of the following items, which are depreciated at higher rates on the basis of technical evaluation:

- a. Plant and Machinery at the subsidiaries and at Ossein Unit of the Company acquired after 16.12.1993 and having value in excess of Rs.5,000/- in individual case - 11.31%
- b. Plant and Machinery of Gelatin Division having value in excess of Rs.5000/- in individual case - 6.33%
- c. Effluent Treatment Plant at the subsidiaries and at Ossein Unit of the Company - 19%
- d. Effluent Treatment Plant at Gelatin Division - 11.31%.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

- ii. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down Value Method at the rates provided in Schedule XIV of the Companies Act, 1956.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. Cost of software treated as Intangible Assets is amortised over a period of five years.

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 on Research & Development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company. The revenue expenditure on Research & Development is charged to 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

In the case of the Company:

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

In the case of the Subsidiaries:

The company has defined contribution plan for employees, i.e. for Provident Fund. The contributions paid/payable to this plan during the year are charged to 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

In the case of the subsidiaries:

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

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.

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 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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 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 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 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.

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) 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 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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.

2 Notes on Accounts

2.1 Nitta Gelatin India Limited has controlling interest in the following entities during the year ended 31.03.2014:

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

2.2 Share Capital:

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Authorised:		
20,000,000(10,000,000) Equity Shares of Rs. 10/- each	200,000,000	100,000,000
Issued and Subscribed and fully paid:		
9,079,160 (8,400,000) Equity Shares of Rs. 10/- each	90,791,600	84,000,000
	90,791,600	84,000,000

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
As at the beginning of the financial year	8,400,000	84,000,000	8,400,000	84,000,000
Add : Issue of Bonus shares (see Note 2.2.1)	579,160	5,791,600	-	-
Add : Issue of shares under ESPS Scheme (see Note 2.2.1)	100,000	1,000,000	-	-
As at the end of the financial year	9,079,160	90,791,600	8,400,000	84,000,000

2.2.1 As the company had to increase its Minimum Public Shareholding (MPS) to 25% as required under the Securities Contracts Regulations (Rules)1957, the Board including nominees of the promoters, unanimously recommended allotment of 100,000 equity shares of the company to employees under an Employee Stock Purchase Scheme (ESPS) at Rs 50/- per equity share of face value of Rs 10/ each, and also issue of Bonus shares, in the ratio 1:3 shares (579,160 Equity shares) only to the public shareholders, excluding the promoters. The said recommendation was considered

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

and approved by shareholders at the Extra Ordinary General Meeting (EGM) (attended by the nominees of the promoter shareholders) held on 29th May 2013. The record date for bonus issue fixed as 20th June 2013, was communicated to the Bombay Stock Exchange (BSE) and the equity shares started trading “ex -bonus” with effect from the said date. In line with the resolution of EGM, as above, the company allotted 579,160 Bonus shares to public shareholders only by capitalization of general reserves and 100,000 shares under the ESPS. The excess of market price of the share, over the price at which they are issued under the ESPS amounting to Rs. 12,590,000 (Rs. Nil) has been treated as employee benefit expense with corresponding credit to the securities premium reserved in accordance with the SEBI guidelines.

On 17th June 2013, one of the promoter shareholders M/s Kerala State Industrial Development Corporation (KSIDC) informed the company their inability to forego its right to bonus shares and consequently the other promoter shareholder Nitta Gelatin Inc, Japan also declined to forego their right to the bonus shares. In view of the said request the company informed BSE of its intention to partially modify the earlier EGM resolution dated 29th May, 2013, to allot bonus shares to the two Promoters as above also, subject to applicable approvals. Subsequently, the Board in their meeting dated 5th July 2013 recommended to the shareholders to issue bonus shares in the ratio of 1:3 to both the Promoter shareholders, in partial modification of EGM resolution dated 29th May 2013 and subject to necessary approvals, and also to allot further shares under the ESPS Scheme to its employees to ensure compliance of MPS even after the issue of bonus shares as above. This recommendation of the Board was approved in the adjourned EGM held on 24th August 2013 adopting a special resolution in partial modification of the resolution in EGM dated 29th May 2013, to allot 2,254, 173 Bonus shares to Promoter shareholders and 696,667 shares to employees under ESPS scheme at Rs. 25/- per equity share of face value of Rs.10/- each, subject to the approval of SEBI and other applicable authorities.

On 19th August 2013 the company sought an in-principle approval for listing equity shares to be issued to the promoter shareholders and to employees under ESPS as per resolution proposed at the EGM on 24-08-13. The BSE advised the company by email dated 27th August 2013 to seek condonation of delay from SEBI under Regulation 95(2) regarding Bonus issue, under SEBI (ICDR) Regulations, 2009 and this application was made to SEBI on 31st August 2013 seeking condonation of the delay in allotment of Bonus shares to the promoters and for retaining 20th June 2013 as the record date for the Bonus issue. SEBI in their letter dated 14th February 2014 declined to accede to the request of the company to allot Bonus shares to the promoter shareholders also on the ground that the interest of investors including those who traded in shares of the company based on the resolution passed at the EGM held on 29-05-2013, would be adversely affected.

Under the circumstances the company is unable to act on the resolution passed at the EGM held on 24-08-2013 and to allot 2,254, 173 Bonus shares to Promoter shareholders (in the ratio 1:3) and 696,667 shares to employees under ESPS scheme as per resolutions adopted therein and hence no adjustment in this regard is made in the accounts for the year ending 31.03.2014.

The company was legally advised that none of the preconditions of the Companies Act or the relevant provisions regarding Bonus issue under Chapter IX (Regulation 92 to 95 of the SEBI (ICDR) Regulation 2009), have been breached in the present case and even the decision to issue Bonus shares to the promoter shareholders was unanimously approved by public shareholders present in the EGM held on 24th August 2013, and the Promoter shareholders present in the meeting had abstained from voting on the resolution and SEBI is empowered to condone the delay, under Regulation 95(2) of 2009 and no provisions of the Companies act, 1956 would stand violated if partial modification as sought by the company as above was allowed and condonation as sought was granted by SEBI. The company has filed an appeal against the order of SEBI as above before Securities Appellate Tribunal (SAT) and is hopeful that the matter will be resolved to the best interest of all at the earliest.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	%	No. of shares	%	No. of shares
Nitta Gelatin Inc, Japan	42.96	3,900,300	46.43	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	34.07	2,862,220

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 dividends 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.

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

	As at 31.03.2014	As at 31.03.2013
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	-

2.3 Reserves and Surplus

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Securities Premium Account	290,178,715	273,000,000
Add: Additions during the year on account of shares issued under ESPS Scheme (See Note 2.2.1)	16,590,000	-
Add: Securities premium on consolidation	-	17,178,715
	306,768,715	290,178,715
Capital Investment Subsidy	1,500,000	1,500,000
Special Export Reserve (under the Income Tax Act, 1961)	7,900,000	7,900,000
General Reserve		
Opening Balance	641,256,000	625,672,786
Less : Capitalised by way of issue of Bonus shares issued during the year (See Note 2.2.1)	5,791,600	-
Add: Transfer from Surplus	-	15,583,214
Closing Balance	635,464,400	641,256,000

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Hedging Reserve Account		
Opening Balance	4,785,189	-
Add: Net gain / (loss) recognised on cash flow hedges	(44,838,261)	7,879,857
Less: Net gain / (loss) reclassified to Statement of Profit and Loss during the year	(40,053,072)	3,094,668
	-	4,785,189
Surplus		
Opening Balance	105,275,095	48,849,624
Add: Share of loss of subsidiary transferred to Minority Interest	-	3,912,670
	105,275,095	52,762,294
Add: Profit / (loss) for the period after Minority Interest transferred from the Statement of Profit and Loss	(60,854,657)	107,406,335
	44,420,438	160,168,629
Less: Appropriations		
Transfer to General Reserve	-	15,583,214
Interim Dividend	-	33,600,000
Tax on Interim Dividend	-	5,710,320
Closing Balance	44,420,438	105,275,095
	996,053,553	1,050,894,999

2.4 Minority Interest

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 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 (See Note 2.4.1)	(24,395,568)	(6,794,358)
	85,925,717	103,526,927
Add: Profit/(Loss) for the year transferred from Statement of Profit and Loss	(4,604,742)	(17,601,210)
	81,320,975	85,925,717

2.4.1 Share of accumulated reserves of minority includes loss of Rs 3,912,670 (Rs 3,912,670) being share in the opening Reserves and Surplus of the subsidiary company, consequent to change in the holding in the previous year.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.5 Long-term Borrowings

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Secured:		
Nitta Gelatin India Limited		
Term Loans		
From State Bank of India [See Note 2.5.1]	54,397,149	-
From Canara Bank [See Note 2.5.2]	35,578,626	-
Reva Proteins Limited		
From Financial Institutions : Secured	131,250,000	156,235,399
- Kerala State Industrial Development Corporation [See Note 2.5.3]		
	221,225,775	156,235,399

2.5.1 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 Base Rate + 2.40 %

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

Period	Amount Rs
From, October 2014 to March 2017	1,000,000
From, April 2017 to March 2019	1,500,000
From, April 2019 to September 2019	2,000,000

2.5.2 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. The interest rate is Base Rate + 3.00 %

2.5.3 The loan from the financial institution is repayable in 32 quarterly instalments of Rs 6,250,000 each from 11.09.2012. The loan is secured by exclusive first charge over the entire fixed assets of the company including leasehold assets, both present and future; and by corporate guarantee of Holding Company, M/s. Nitta Gelatin India Limited.

2.5.4 Current Maturities of Long - term borrowing (disclosed under other current liabilities in Note No.2.10)

2.6 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	83,624,000	80,335,000
Timing differences on assessment of income	7,805,000	8,024,000

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
B. Deferred Tax Assets		
On Provisions	7,526,000	4,968,000
On unabsorbed depreciation	27,277,000	-
On other disallowances	20,622,000	17,703,000
Deferred Tax Liabilities (Net) (A-B)	36,004,000	65,688,000

In the case of subsidiary companies, Deferred Tax Asset (Net) has not been recognized in the accounts, as a matter of prudence in the absence of virtual/reasonable certainty of future taxable profits.

2.7 Long-term Provisions

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Provision for Employee Benefits [See Note 2.7.1]	34,028,524	32,259,188
	34,028,524	32,259,188

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

a. Defined Contribution Plans

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

Particulars	Company Rupees	Subsidiaries Rupees
Employers contribution to Provident Fund	11,863,522	3,213,128
	(10,758,753)	(2,910,297)
Employers contribution to Employee's State Insurance	867,471	-
	(895,664)	-

b. Defined Benefit Plans - Gratuity: Funded Obligation

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	9.10%	8.00%-9.10%
	(8.10%)	(8.00%)
Expected return on plan assets	9.25%	-
	(9.00%)	-
Salary escalation rate*	5.00%	4.00%-5.00%
	(5.00%)	(4.00%-5.00%)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Mortality rate	LIC (2006-2008) Ultimate (LIC (1994-1996) Ultimate)	LIC (2006-2008) Ultimate ILM (1994-1996) Ultimate [LIC (2006-2008) Ultimate ILM (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	38,885,727 (28,820,832)	14,618,853 (13,284,372)
Current Service Cost	2,650,885 (2,658,027)	691,374 (675,528)
Interest Cost	3,195,139 (2,379,636)	1,122,072 (1,050,771)
Actuarial (gain)/ loss	(1,427,015) (7,964,631)	(435,577) (1,534,720)
Benefits Paid	(7,548,629) ((2,937,399))	(1,293,172) ((1,926,538))
Present value of obligation at the end of the year	35,756,107 (38,885,727)	14,703,550 (14,618,853)

iii. Reconciliation of fair value of plan assets	Company Rupees	Subsidiaries Rupees
Fair value of plan assets at the beginning of the year	30,249,051 (25,259,603)	- -
Expected return on plan assets	2,996,398 (2,401,271)	- -
Actuarial gain/ (loss)	610,595 (254,205)	- -
Contributions to the fund	8,000,000 (5,779,781)	- -
Contributions towards direct benefit payments	3,837,500 -	- -
Benefits paid	(3,711,129) ((2937399))	- -

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)**

iii. Reconciliation of fair value of plan assets	Company Rupees	Subsidiaries Rupees
Benefits paid directly	(3,837,500)	-
Fair value of plan assets at the end of the year	38,144,915 (30,249,051)	- -
iv. Description of Plan Assets	Company Rupees	Subsidiaries Rupees
Insurer Managed Funds (LIC of India)	38,144,915 (30,249,051)	- -
v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Company Rupees	Subsidiaries Rupees
Present value of obligation at the end of the year	35,756,107 (38,885,727)	14,703,550 (14,618,853)
Fair value of plan assets at the end of the year	38,144,915 (30,249,051)	- -
Net present value of funded/ unfunded obligation recognized as (asset)/ liability in the Balance Sheet	(2,388,808) (8,636,676)	14,703,550 (14,618,853)
vi. Expenses recognized in the Statement of Profit and Loss	Company Rupees	Subsidiaries Rupees
Current Service Cost	2,650,885 (2,658,027)	691,374 (675,528)
Interest Cost	3,195,139 (2,379,636)	1,122,072 (1,050,771)
Actuarial (gain)/ loss recognized in the period	2,037,610 (8,218,836)	(435,577) (1,534,720)
	Company Rupees	Subsidiaries Rupees
Past Service Cost (if applicable)	- -	- -
Expected return on plan assets	(2,996,398) ((2,401,271)	- -
Total expenses recognized in the Statement of Profit and Loss for the year	4,887,236 (10,855,228)	1,377,869 (3,261,019)
Actual return on plan assets	3,606,993 (2,147,066)	- -

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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

c. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	9.10% (8.10%)	8.00%-9.10% (8.00%)
Salary escalation rate*	5.00% (5.00%)	4.00%-5.00% (4.00%-5.00%)
Mortality rate	LIC (2006-2008) Ultimate (LIC (1994-1996) Ultimate)	LIC 2006-2008) Ultimate/ ILM (1994-1996) Ultimate [LIC 2006-2008) Ultimate/ ILM (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	20,603,718 (14,041,883)	2,891,588 (2,451,484)
Current Service Cost	1,504,848 (1,494,159)	337,825 (236,694)
Interest Cost	1,392,950 (1,090,489)	220,410 (184,401)
Actuarial (gain)/ loss	1,420,571 (6,992,242)	232,917 ((622,630))
Benefits Paid	(6,813,609) ((3015055))	(411,939) ((603,621))
Present value of obligation at the end of the year	18,108,478 (20,603,718)	3,270,801 (2,891,588)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Company Rupees	Subsidiaries Rupees
Present value of obligation at the end of the year	18,108,478 (20,603,718)	3,270,801 (2,891,588)
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	18,108,478 (20,603,718)	3,270,801 (2,891,588)

iv. Expenses recognized in the Statement of Profit and Loss	Company Rupees	Subsidiaries Rupees
Current Service Cost	1,504,848 (1,494,159)	337,825 (236,694)
Interest Cost	1,392,950 (1,090,489)	220,410 (184,401)
Actuarial (gain)/ loss recognized in the period	1,420,571 (6,992,242)	232,917 ((622,630))
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	4,318,369 (9,576,890)	791,152 (1,043,725)

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

2.8 Short-term Borrowings

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Working Capital Loan from Banks (Secured) (See Note 2.8.1)	420,155,001	390,992,511
Term Loan from Banks (Secured) (See Note 2.8.2)	7,000,000	-
	427,155,001	390,992,511

2.8.1 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.

2.8.2 Secured by exclusive charge over the fixed assets to be created out of the term loan. The loan is repayable in four quarterly instalments of Rs 2,500,000 each commencing from the first quarter of the financial year 2014-15. The interest rate is Base Rate + 3.00 %

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.9 Trade Payables

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Trade Payables	291,276,800	223,113,698
	291,276,800	223,113,698

2.9.1 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 31.03.2014, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 69,021 (Rs. 673,186) 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.

2.10 Other Current Liabilities

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Current maturity of Long term borrowings (See Note no. 2.5.1, 2.5.2 & 2.5.3)	35,500,000	25,000,000
Unpaid Dividend	1,793,682	1,441,417
Interest Accrued and due on borrowings	630,996	-
Other Payables -		
- Statutory Dues	13,780,082	9,712,509
- Creditors for Capital Goods	6,957,707	7,168,307
- Other Recoveries Payable	681,110	1,425,402
- Deposits	104,464	30,000
	59,448,041	44,777,635

2.11 Short-term Provisions

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Provision for employee benefits [See Note 2.7.1]	2,054,305	14,491,648
Others		
- Proposed Dividend	-	33,600,000
- Corporate Dividend Tax	-	5,710,320
- Water Cess [See Note 2.30.2(ii)]	6,183,200	6,183,200
- Excise Duty	9,598,921	8,799,108
- Income Tax (net)	8,179,436	22,141,573
	26,015,862	90,925,849

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014 (CONTD.) Note No 2.12 - FIXED ASSETS & CAPITAL WORK IN PROGRESS

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)				DEPRECIATION/IMPAIRMENT				NET BLOCK		
	As at 01-04-2013	Additions	Disposals/ Adjustments	As at 31-03-2014	As at 01-04-2013	For the year	Disposal/ Adjustments	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013	
FIXED ASSETS:											
(A) Tangible Assets											
Land and Development	40,025,076 (40,538,821)	6,971,850	-	46,996,926 (40,025,076)	-	-	-	-	46,996,926 (40,025,076)	40,025,076 (40,538,821)	
Leasehold Land	87,367,496 (87,367,496)	-	-	87,367,496 (87,367,496)	6,179,304 (5,270,682)	9,08,622 (9,08,622)	-	7,087,926 (6,179,304)	80,279,570 (81,888,192)	81,888,192 (82,096,814)	
Buildings	424,333,388 (413,888,008)	56,233,182	(2,319,680)	480,566,570 (424,333,388)	189,981,921 (167,632,559)	23,174,788 (24,183,821)	-	213,156,709 (189,981,921)	267,409,861 (234,351,467)	234,351,467 (245,955,449)	
Plant & Equipment	1,722,691,027 (1,643,434,676)	183,815,963 (86,668,418)	1,759,597 (7,412,067)	1,904,747,393 (1,722,691,027)	935,224,997 (812,018,629)	134,135,562 (125,908,814)	1,663,740 (4,702,446)	1,065,696,819 (933,224,997)	839,050,574 (789,466,030)	789,466,030 (831,416,047)	
Office Equipments	23,420,551 (24,194,514)	2,545,654 (3,286,045)	353,026 (4,060,008)	25,613,179 (23,420,551)	14,934,482 (16,311,232)	2,215,668 (2,074,583)	204,270 (3,451,333)	16,945,880 (14,934,482)	8,667,299 (8,486,069)	8,486,069 (7,883,282)	
Furniture & Fittings	10,533,565 (10,022,677)	309,561 (657,150)	-	10,843,126 (10,533,565)	8,356,763 (7,974,700)	549,055 (528,524)	-	8,905,818 (8,356,763)	1,937,308 (2,176,802)	2,176,802 (2,047,977)	
Vehicles	7940,136 (5,322,319)	-	-	7,940,136 (7,940,136)	3,457,950 (2,370,676)	1,160,437 (1,087,274)	-	4,618,387 (3,457,950)	3,321,749 (4,482,186)	4,482,186 (2,951,643)	
Total Tangible Assets	2,316,311,239	249,876,210	2,112,623	2,564,074,826	1,156,135,417	162,144,132	1,866,010	1,316,411,539	1,247,663,287	1,160,175,822	
Previous Year	2,224,468,511	106,294,490	14,451,762	2,316,311,239	1,011,578,478	154,691,638	10,134,699	1,156,135,417	1,160,175,822	1,212,890,033	
(B) Intangible Assets											
Software	13,032,851 (9,868,255)	2,530,799 (3,164,596)	-	15,563,650 (13,032,851)	6,400,227 (3,944,829)	3,016,293 (2,455,398)	-	9,416,520 (6,400,227)	6,147,130 (6,632,624)	6,632,624 (5,923,426)	
Total Assets (A+B)	2,329,344,090	252,407,009	2,112,623	2,579,638,476	1,162,535,644	165,160,425	1,868,010	1,325,828,059	1,253,810,417	1,166,808,446	
Previous Year	2,234,336,766	109,459,086	14,451,762	2,329,344,090	1,015,523,307	157,147,036	10,134,699	1,162,535,644	1,166,808,446	1,218,813,459	
CAPITAL WORK IN PROGRESS:											
Building under construction	6,783,954 (87,825)	45,058,209 (14,112,738)	5,101,9625 (7,416,609)	822,538 (6,783,954)	-	3,016,293	-	9,416,520	6,147,130	6,783,954 (87,825)	
Plant, Machinery and Equipment under installation	78,314,314 (64,847,452)	98,662,877 (66,969,995)	91,973,255 (53,503,133)	85,003,936 (78,314,314)	(3,944,829)	(2,455,398)	-	(6,400,227)	(6,632,624)	78,314,314 (64,847,452)	
- Finance charges	-	3,523,569	3,523,569	-	-	-	-	-	-	-	
	(660,857)	-	(660,857)	-	-	-	-	-	-	(660,857)	
Less : Income on trial production (Net)	-	1,235,238	1,235,238	-	-	-	-	-	-	-	
Total	85,098,268	146,009,417	145,281,211	85,826,474	-	-	-	-	822,538	6,783,954	
Previous Year	65,596,134	81,082,733	61,580,599	85,098,268	-	-	-	-	(6,783,954)	(87,825)	
									85,003,936	78,314,314	
									(78,314,314)	(64,847,452)	
									-	-	
									-	(660,857)	
									-	-	
									85,826,474	85,098,268	
									85,098,268	65,596,134	

Note: Additions to Gross Block includes borrowing cost amounting to Rs 3,523,569/- (Rs 660,857), capitalised.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.13 Non-current Investments

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Investment in Equity Instruments (at Cost) - Long term Quoted (Non Trade):		
a. 420 (420) Equity Shares of Rs.10/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
Aggregate amount of quoted investments (A)	149,800	149,800
Aggregate Market Value: Rs 808,341 (Rs.873,165)		
Unquoted (Trade):		
a. Others:		
i. 2,400 (2,400) fully paid up Equity Shares of Rs.100/- each in Organo Fertilizers (India) Pvt. Limited.	240,000	240,000
ii. 60,000 (60,000) fully paid up Equity Shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
iii. 50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
iv. 300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
v. 354,000 (354,000) fully paid up equity shares of Rs.10/- each in Naramada Clean tech limited (Formerly known as Bharuch Eco-Aqua Infrastructure Limited)	3,540,000	3,540,000
vi. 288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited	2,880,000	2,880,000
Less: Provision for diminution in value of investments	2,880,000	2,880,000
	-	-
Aggregate amount of unquoted investments (B)	8,030,000	8,030,000
Aggregate provision for diminution in value of investments Rs. 2,880,000 (Rs. 2,880,000)		
Total Investments (A + B)	8,179,800	8,179,800

2.14 Long-term Loans and Advances

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Unsecured (Considered Good)		
Capital Advance	2,735,148	8,857,656
Income Tax (net)	5,556,129	4,972,237

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)**

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Others		
- Vehicle/ Computer loan to employees	421,156	576,433
- Education loan to employees	205,674	-
- Deposits	27,333,511	24,177,371
Unsecured (Considered Doubtful)		
Sales Tax Deposit	1,100,494	1,100,494
Less: Provision for doubtful deposits	(1,100,494)	(1,100,494)
	-	-
	36,251,618	38,583,697

2.15 Inventories

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Raw Materials	75,834,912	151,200,521
Work-in-process	256,769,473	210,038,124
Finished Goods	117,126,112	95,566,862
Stores & Spares	69,914,032	76,046,913
Loose Tools	225,265	182,544
Others - Packing Materials	5,852,229	6,441,001
	525,722,023	539,475,965

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

2.16 Trade Receivables

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	3,334,993	6,266,359
Unsecured, Considered Doubtful	2,245,720	2,255,192
	5,580,713	8,521,551
Less: Provision for Doubtful Debts	2,245,720	2,255,192
	3,334,993	6,266,359
Others (Unsecured, Considered Good)	217,974,578	254,358,064
	221,309,571	260,624,423

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.17 Cash and Cash Equivalents

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Balance with Banks		
In Current Accounts (See Note 2.17.1)	9,274,060	13,767,469
In Deposit Accounts (see Note 2.17.2 & 2.17.3)	3,359,903	6,501,801
Cash on hand	1,532,027	874,550
	14,165,990	21,143,820

2.17.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 1,793,682 (Rs. 1,441,417)

2.17.2 Balance with banks in Deposit Accounts include Rs. 3,287,919 (Rs. 2,679,817) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee

2.17.3 Balance with banks in Deposit Accounts include Rs. 71,984 (Rs.3,821,984) with a maturity period of more than 12 months, which can be withdrawn by the company without any penalty on the principal

2.18 Short-term Loans and Advances

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
(Unsecured, Considered Good)		
Others:		
- Advances recoverable in cash or in kind or for value to be received.	47,870,287	36,688,967
- Vehicle/Computer loan to employees	388,292	486,095
- Education loan to employees	36,296	-
- Deposits	213,016	862,823
- Balances with Central Excise, Customs etc.	12,860,200	8,152,101
	61,368,091	46,189,986

2.19 Other Current Assets

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Interest Receivable	1,188,985	703,814
Export Incentive:		
- Duty Drawback [See Note 2.19.1]	29,340,096	27,281,212
Less: Provision for Claims Disputed	(6,858,636)	(6,858,636)
	22,481,460	20,422,576
- Duty Entitlement Pass Book [See Note 2.19.2]	21,870,100	21,841,032
- Export incentive - Status Holder Incentive Scrip	1,373,977	2,017,609
Marked to Market Gain recognized	-	4,943,201
Others	9,771,625	8,780,359
	56,686,147	58,708,591

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.19.1

Duty Drawback includes Rs. 6,461,789 (Rs. 6,461,789) being claims taken credit for in prior years not admitted by the Department. During the previous year a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Hon High Court. Though the company is hopeful of a favourable decision, provision created in the accounts in the preceding years has been retained as a matter of abundant caution.

2.19.2

Represents claims accounted as income for 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 and the management is of the opinion that claims are fully recoverable, and no provision is considered necessary at this stage.

2.20 Revenue from operations

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
<u>Sale of Products</u>		
Gross Sales	2,897,338,915	3,081,391,906
<u>Other Operating Revenues</u>		
Miscellaneous Sales	50,186,224	28,401,791
Export Incentive [See Note 2.19.2]		
- Duty Drawback	22,462,928	26,543,684
Provision / sundry balances written back	33,588	4,980,928
Other Miscellaneous Income	2,344,071	4,826,023
	75,026,811	64,752,426
	2,972,365,726	3,146,144,332
Less: Excise Duty collected on domestic sales	79,903,486	83,933,402
	2,892,462,240	3,062,210,930

2.21 Other Income

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Interest Income	2,476,242	1,783,876
Dividend Income from Non Current Investments	17,430	-
Net Gain on foreign currency translation	-	14,750,468
Profit on sale of assets (net)	-	3,416,620
Other non operating Income	252,952	820,328
	2,746,624	20,771,292

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.22 Cost of materials consumed

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Opening Stock	151,200,521	119,936,189
Add: Purchases	1,449,555,244	1,513,865,340
	1,600,755,765	1,633,801,529
Less: Closing Stock	75,834,912	151,200,521
	1,524,920,853	1,482,601,008

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

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Closing Stock		
Finished Goods	117,126,112	95,566,862
Work-in-process	256,769,473	210,038,124
	373,895,585	305,604,986
Less:		
Opening Stock		
Finished Goods	95,566,862	79,944,192
Work-in-process	210,038,124	134,876,981
	305,604,986	214,821,173
	68,290,599	90,783,813

2.24 Employee benefits expense

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Salaries and Wages	184,113,093	189,520,733
Contribution to Provident and Other Funds	16,773,675	25,449,200
Expense on Employees Stock Purchase scheme (See Note 2.24.1)	12,590,000	-
Workmen and Staff Welfare Expenses	32,199,130	32,213,652
	245,675,898	247,183,585

2.24.1 As stated in Note 2.2.1, the excess of market price of the share, over the price at which they are issued under the ESPS amounting to Rs 12,590,000 (Nil) has been treated as employee benefit expense with corresponding credit to the securities premium reserve in accordance with the applicable SEBI guidelines

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.25 Finance costs

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Interest Expense	75,311,657	84,566,726
Other Borrowing Cost	-	660,857
	75,311,657	85,227,583

2.26 Other Expenses

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Conversion charges	13,036,833	-
Consumption of Stores, Spares & Consumables	58,322,573	58,497,998
Packing materials Consumed	36,936,358	35,243,404
Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Research & Development Expenditure [See Note 2.26.1]	28,739,881	24,515,900
Power, Fuel, Water & Gas	385,822,757	427,306,456
Repairs		
- Building	7,205,382	7,841,919
- Plant & Machinery	119,613,789	92,476,731
- Others	31,128,919	36,949,873
Loading, Transportation and Other charges on products	67,640,935	45,203,158
Freight on Exports	14,001,607	25,768,638
Insurance	7,900,956	7,086,939
Rent	5,170,479	7,364,581
Rates & Taxes	8,498,573	8,497,919
Postage & Telephone	5,839,489	5,380,249
Printing & Stationery	2,730,740	2,154,589
Travelling & Conveyance	43,058,916	39,456,960
Director's sitting fee	958,000	378,000
Payments to the Auditor [See Note 2.26.2]	1,877,401	1,665,420
Advertisement & Publicity	17,777,392	19,555,431
Discount & Commission on Sales	26,808,819	33,682,796
Professional & Consultancy charges	50,081,186	35,646,850
Bank Charges	5,032,028	3,210,189
Miscellaneous Expenses	64,252,593	62,828,066
Loss on sale of assets (Net)	144,085	4,111,476
Foreign Exchange rate variation (Net)	25,352,273	-
	1,027,931,964	984,823,542

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.26.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Revenue Expenditure		
Salary & Allowances	4,245,503	4,758,289
Other Expenses	24,494,378	19,757,611
	28,739,881	24,515,900
Capital Expenditure - Fixed assets	1,489,846	2,298,217
- Capital Work in Progress	26,827,633	-
	57,057,360	26,814,117

* Represents Research and Development project undertaken by the holding company on the premises of subsidiary company Bamni Proteins Ltd. which is subject to the approval from the Department of Science and Industrial Research.

2.26.2 Provision and/or payments in respect of Auditor's Remuneration

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
a. Statutory Audit Fees	1,012,080	830,900
b. Other Services		
Taxation Matters (Including Tax Audit)	257,218	140,410
Others	498,947	561,902
Reimbursement of Expenses	109,156	132,208
	1,877,401	1,665,420

2.27 Earnings per equity share (See Note no 2.27.1)

Particulars	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Net Profit / (Loss) after taxation	(60,854,657)	107,406,335
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up)	9,059,708	8,979,160
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,059,708	8,979,160
Earnings per share - Basic & Diluted	(6.72)	11.96

2.27.1 During the year 579,160 bonus shares were allotted to non promoter shareholders in the ratio of 1:3 and accordingly the Earnings per share for the current period and previous periods have been restated in the manner required by Accounting Standard 20 "Earnings Per Share".

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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 |

ii. Associate Company

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

iii. Key Managerial Personnel

- | | | |
|-----------------------|---|-------------------------------------------------------------------------------------------|
| a. Mr. G. Suseelan | - | Managing Director
Nitta Gelatin India Limited (Holding Company)
(upto 31.03.2014) |
| b. Mr. Sajiv K. Menon | - | Managing Director
Nitta Gelatin India Limited (Holding Company)
(from 01.04.2014) |
| c. Mr. C. Srikumar | - | Managing Director
Bamni Proteins Limited (Subsidiary Company) |
| d. Mr. B. Shaji Mohan | - | Managing Director
Reva Proteins Limited (Subsidiary Company) |

B. Description of Transactions

Nature of Transaction	Subsidiary Company / Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<u>Sale and Income</u>				
1 Sale of Goods:				
Nitta Gelatin Inc		1,028,337,468 (914,518,164)		1,028,337,468 (914,518,164)
Nitta Gelatin NA Inc		403,986,868 (471,657,921)		403,986,868 (471,657,921)
<u>Purchase and Expenses</u>				
1 Purchase of stock in trade:				
Nitta Gelatin Inc		9,921,907 (18,525,024)		9,921,907 (18,525,024)
2 Commission expense:				
Nitta Gelatin Inc				
- For Sale of Gelatin		616,820 (787,780)		616,820 (787,780)
- For Sale of Peptide		458,224 (106,633)		458,224 (106,633)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)**

Nature of Transaction	Subsidiary Company / Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
3 Rebate/ Discount expense: Nitta Gelatin Inc		2,277,157 (3,685,413)		2,277,157 (3,685,413)
Nitta Gelatin NA Inc		5,171,714 (2,984,597)		5,171,714 (2,984,597)
4 Technical Assistance Fee: Nitta Gelatin Inc		2,035,500 (1,981,350)		2,035,500 (1,981,350)
5 Reimbursement of Expenses (Net): Nitta Gelatin NA Inc		-		-
Nitta Gelatin Inc		(2,926,426) 1,733,677 (7,704,582)		(2,926,426) 1,733,677 (7,704,582)
6 Directors sitting fees			20,000 -	20,000 -
7 Remuneration to Managing Director a Managing Director - Holding Company (See Note 2.28.1 & 2.28.2)			14,308,542 (4,268,150)	14,308,542 (4,268,150)
b Managing Director - Subsidiary Companies				
Bamni Proteins Limited			1,295,452 (1,172,073)	1,295,452 (1,172,073)
Reva Proteins Limited			-	-
Investments				
1 K K Organics Private Limited * *Provision created for loss in investments Rs. 2,880,000 (Rs. 2,880,000)	2,880,000 (2,880,000)			2,880,000 (2,880,000)
Proceeds from Issue of Equity Shares				
1 Nitta Gelatin Inc			-	-
In Reva Proteins (subsidiary)		(120,000,000)		(120,000,000)
Dividend Paid				
1 Nitta Gelatin Inc		15,601,200 (15,601,200)		15,601,200 (15,601,200)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

Nature of Transaction	Subsidiary Company / Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
Receivables				
1 Nitta Gelatin Inc		9,615,041		9,615,041
		(67,767,570)		(67,767,570)
2 Nitta Gelatin NA Inc		10,358,342		10,358,342
		(8,746,643)		(8,746,643)
3 Nitta Gelatin Canada Inc		-		-
		(54,369)		(54,369)

2.28.1 In view of the loss incurred, the remuneration paid / payable to the Managing Director of the Holding company during the year - Rs. 5,198,506/- is subject to necessary approvals prescribed under the Companies Act, 1956. Further, leave travel allowance of Rs. 932,869/- provided as payable to the Managing Director for earlier years is subject to necessary approvals under the Companies Act 1956, being variation in terms of remuneration for such years.

2.28.2 Remuneration to Managing Director of the Holding company for the year includes gratuity and leave encashment paid out of liability funded / recognised in earlier years - Rs 8,177,167

2.29 Segment Information

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

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,644,014,187	1,173,421,242	2,817,435,429
	(1,588,150,498)	(1,409,308,006)	(2,997,458,504)
Segment Result	269,681,898	67,680,864	337,362,762
	(399,976,356)	(216,451,628)	(616,427,984)
Unallocated Expenditure (Net)			351,111,729
			(291,544,571)
Interest Expense			59,356,197
			(63,582,083)
Profit / (Loss) before Taxation			(73,105,164)
			(261,301,330)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

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

In respect of the Subsidiary Companies:

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

2.30 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)

2.30.1 Provisions

Nature of Provision	Balance as at 01.04.2013	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2014
Provision for Central Excise Duty. [See Note 2.30.1(i)]	8,799,108 (7,868,898)	799,813 (930,210)	-	-	9,598,921 (8,799,108)
Provision for Water Cess	6,183,200 -	- (6,183,200)	-	-	6,183,200 (6,183,200)

2.30.1(i). Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 31,065,141 (Rs 28,903,586), 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 9,598,921 (Rs. 8,799,108) as a matter of abundant caution and the balance amount of Rs. 21,466,220 (Rs 20,104,478) has been disclosed as a contingent liability.

2.30.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note 2.30.2(i)]	67,049,358	22,415,688
b. Value Added Tax/ Central Sales Tax	-	20,642,815
c. Excise Duty [See Note 2.30.1(i)]	21,581,940	20,104,478
d. Water Cess [See Note 2.30.2(ii)]	65,301,200	65,301,200
2. Foreign Bills Discounted	239,148,923	205,623,547
3. Domestic Bills Discounted	1,632,000	-
4. Counter Guarantee issued in favour of bankers	7,252,152	8,146,152
Total	401,965,573	342,233,880

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.30.2(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.

2.30.2(ii) During the preceding year, an amount of Rs 71,484,400 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. During the year, pursuant to discussions with government authorities, the company has entered into an agreement for payment of such charges for the periods subsequent to 01.01.2011. Further, an amount of Rs 6,183,200 (Rs. 6,183,200) has been provided towards disputed charges for the period from 25.07.2009 to 31.12.2010, being periods subsequent to issue of the Government Order and is disclosed under the head Current Liabilities.

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

- a. Company - Rs. 32,010,596 (Rs. 99,171,177)
- b. Bamni Proteins Limited (Subsidiary) - Rs.1,300,000 (Nil)
- c. Reva Proteins Limited (Subsidiary) - Rs. 300,000 (Nil)

2.32 a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs. 12,560,000 (Rs. 72,150,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfilment 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. 162,549,000 (Rs. 19,250,000) which is required to be fulfilled at different dates until 2015. In the event of non fulfilment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

2.33 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.

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

2.34.1 (i) The following are the forward contracts entered by the company and outstanding as at Balance Sheet date, determined to be effective hedges:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

Particulars	As at 31.03.2014			As at 31.03.2013		
	\$	Rupees	Fair value (Rupees)	\$	Rupees	Fair value (Rupees)
Export receivables	-	-		236,220	13,005,991	12,847,979
Export transactions	-	-		6,163,658	350,197,055	345,411,866

2.34.1 (ii) The table below summarises the notional amounts (amounts of contract booked and outstanding) of foreign currency forward contracts into relevant maturity groupings based on the remaining period as at 31.03.2014:

Particulars	As at 31.03.2014		As at 31.03.2013	
	Notional \$	Gain/(Loss) Rupees	Notional \$	Gain/(Loss) Rupees
Export transactions				
Not later than three months	-	-	814,138	438,668
Later than three months and not later than six months	-	-	2,749,520	2,107,521
Later than six months and not later than one year	-	-	2,600,000	2,239,000
Total	-	-	6,163,658	4,785,189

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	\$	Rupees	\$	Rupees
Receivables	-	-	236,220	12,760,577

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	FC	Rupees	FC	Rupees
Receivables				
USD	482,252	28,602,391	1,358,531	73,381,137
EURO	68,320	5,551,016	51,800	3,574,718
GBP	114,070	11,214,222	-	-
Payables				
USD	245,036	14,822,170	92,582	5,080,879
CAD	6,700	367,629	21,453	1,162,754
AUD	-	-	-	-
EURO	13,988	1,167,718	-	-
Japanese YEN	3,000,000	1,831,950	3,000,000	1,757,700

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2014 (CONTD.)

2.35 Information relating to Subsidiary Companies

Particulars	Bamni Proteins Limited Rupees	Reva Proteins Limited Rupees
Share Capital	42,500,000	188,605,200
Reserves and Surplus	1,133,438	100,678,471
Total Assets	70,742,231	453,299,576
Total Liabilities	70,742,231	453,299,576
Investments (other than in subsidiaries)	-	3,540,000
Turnover	123,946,860	130,034,562
Profit / (Loss) before tax	10,787,949	(23,106,026)
Provision for tax	3,549,061	-
Profit / (Loss) after tax	7,238,888	(23,106,026)
Proposed Dividend	-	-

The above information is being made pursuant to General Circular No. 2/2011 dtd 08.02.2011 of the Ministry of Corporate Affairs.

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

As per our separate report of
even date attached

For VARMA AND VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner

CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi
Date: 09.05.2014

For and on behalf of the Board of Directors

P H. KURIAN
Chairman

KEIJI SUZUKI
Director

K. L. KUMAR
Director

SAJIV K. MENON
Managing Director

K. RAMAKRISHNAN
Director

T.P. THOMASKUTTY
Director

T. YAMAKI
Director

A.K.NAIR
Director

G. RAJESH KURUP
Company Secretary

DI CALCIUM PHOSPHATE

An essential ingredient in poultry feed

Incorporated in 1975, Nitta Gelatin India Ltd. (NGIL), one of the most successful Indo-Japanese industrial ventures, manufactures the finest quality Gelatin, Collagen Peptide, Ossein and Di Calcium Phosphate under license from Nitta Gelatin Inc., Japan.

NGIL has three manufacturing plants, one in Central India, one in West India and other in South India, with a combined capacity of 25000 Mt/annum.

ALL THE VITAL NUTRIENTS FOR POULTRY FEED

Di Calcium Phosphate (DCP), an inorganic compound made from animal bones, is the most time tested and widely used Phosphorus and Calcium supplement in poultry feed. DCP is the safe and best source of easily digestible phosphorus and calcium and has very high bio-availability.



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 - Product quality and safety are ensured for use as a poultry feed supplement.
- Fully automated processing totally eliminates impurities and possibility of microbial contamination.
- Fine, free-flowing, powdery form facilitates handling and ensures easy and quick dispersion of micro nutrients.
- Low moisture content and absence of fat and protein ensure excellent shelf life for the product.

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Nitta Gelatin India Limited

Kochi 682 036, Kerala, India. Tel : 0484 3099444 Fax : 0484 2310568
Email : mktg@nittagelatin.com | www.gelatin.in



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*Based on independent studies. Product's result may vary from person to person

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ATTENDANCE SLIP

NITTA GELATIN INDIA LIMITED

(CIN : L24299KL1975PLC002691)

Registered Office : 54/1446, Panampilly Nagar, Kochi - 682 036,

Tel : 0484 - 3099444, Web : www.gelatin.in

PLEASE HAND OVER THE ADMISSION SLIP
AT THE ENTRANCE OF THE
MEETING HALL, DULY COMPLETED

Name and Address :

Folio No./DP ID & Client ID

Member

Holding

Proxy

I hereby record my presence at the THIRTY EIGHTH ANNUAL GENERAL MEETING

**SIGNATURE OF THE
SHAREHOLDER / PROXY**

Note:

1. The Proxy form duly completed must be deposited so as to reach the Registered Office of the company not less than 48 hours before the time for holding the meeting. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Member attending the Annual General Meeting are requested to bring with them the following:
 - a. Copy of the Annual Report and Notice as no copies thereof would be distributed at the meeting.
 - b. The attendance slip duly completed and signed in terms of specimen signature lodged with the company. The company would accept only the attendance slip from a member actually attending the meeting or from the person attending as a duly registered proxy. Attendance slip of members not personally present at the meeting or relating to proxies which are invalid, will not be accepted from any other member/person. Please avoid being accompanied by non members.
 - c. **Members / Proxies are requested to bring a photo identity card in order to establish their identity at the Registration Counter.**
3. As per Section 118 (10) of the Companies Act, 2013 (The Act) read with section 121 of the Act and Rule 31 (c) (V) of the Companies (Management and Administration) Rules, 2014, **'No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting'**

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24299KL1975PLC002691
Name of the company : Nitta Gelatin India Ltd
Registered office : 54/1446, Panampilly Nagar, Kochi - 682036

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual general meeting of the company, to be held on Friday the 11th day of July 2014 At 10.30 A.M. at **Kerala Fine Arts Hall, Fine Arts Avenue, Cochin - 682 016** and at any adjournment thereof in respect of such resolutions as are indicated below: (✓)

Resolution Item No.	
1.....	4.....
2.....	5.....
3.....	6.....

Signed this..... day of..... 20....

Signature of shareholder :
Signature of Proxy holder(s) :

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NITTA GELATIN INDIA LTD
54/1446, Panampilly Nagar
Kochi - 682036

FORM A:
Unqualified / Matter of Emphasis Report

Stock Code: 506532 (BSE)


Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company:	Nitta Gelatin India Ltd
2	Annual financial statements for the year ended	31st March, 2014
3	Type of Audit observation	<p>Unqualified / Matter of Emphasis</p> <p>In the Independent Auditors' Report dated 09.05.2014, under the heading Emphasis of Matter, the auditors have reported as under :-</p> <p>"We draw Attention to Note No. 2.1.1 regarding the inability of the Company to act upon the resolution of the shareholders at its EGM held on 24.08.2013 relating to the allotment of 2, 254, 173 bonus shares to promoter shareholders and also 696,667 shares under the ESPS in respect of which no adjustments has been made in the accounts for the reasons stated therein. Our opinion is not qualified in respect of this matter". Emphasis of matter referred to above is explained in detail under para 2.1.1 of the Notes forming part of the accounts for the year. This has also been specifically stated in the Director's Report as well.</p>



4	Frequency of observation	Similar observations have been made by the auditors as a matter of Emphasis (without qualifying their opinion since the financial year ended 31 st March, 2014
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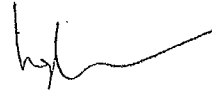
For VARMA & VARMA
(FRN 0045325)


(VIJAY NARAYAN GOVIND)
CHARTERED ACCOUNTANTS
Membership No. 20309

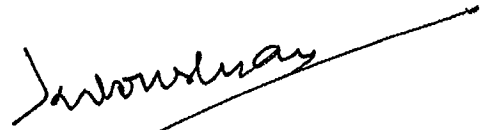
For Nitta Gelatin India Limited



Sajiv K. Menon
Managing Director



K. Muraleedharan Nair
Executive Director (CF)



K. Ramakrishnan, Director
Chairman, Audit Committee