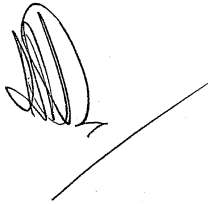
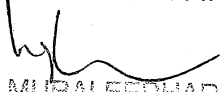
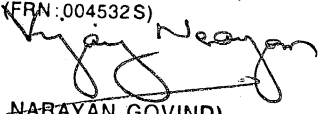
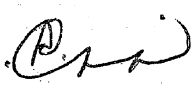


NITTA GELATIN INDIA LIMITED  
50/1002, P. B. No: 4262  
PANAMPILLY NAGAR  
COCHIN-682 036, KERALA

**FORM A**

**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	31 <sup>st</sup> March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be signed by-  Mr. Sajiv K. Menon Managing Director	
	CFO	For NITTA GELATIN INDIA LIMITED  K. MURALEEDHARAN NAIR Executive Director (Corporate Finance)

<p><i>Auditor of the company</i></p>	<p>For VARMA &amp; VARMA (FRN:004532S)  (VIJAY NARAYAN GOVIND) Partner CHARTERED ACCOUNTANTS Membership No. 203094</p>
<p><i>Audit Committee Chairperson</i></p> <p><i>Mrs. Radha Unni</i></p>	

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



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## Annual Report 2014-15

### BOARD OF DIRECTORS

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

### 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 (10 Years)**

	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12	2012.13	2013.14	2014.15
Total Income	9966.19	13766.42	14585.97	18645.02	19479.94	20638.94	24694.12	30897.61	28936.04	36115.70
Sales*	9763.86	13119.55	14638.14	18247.75	18940.60	19650.08	23810.08	29714.01	28030.33	34857.35
Exports (FOB)	6236.79	7968.00	7950.32	10141.82	9476.42	10092.68	13829.03	15620.93	16296.11	18274.81
Pre-tax Profit / (Loss)	(365.65)	721.83	728.91	2466.38	3076.36	251.45	653.48	2613.01	(731.05)	1002.72
Profit / (Loss) after tax	(379.65)	592.05	666.07	1501.94	2546.14	189.15	508.08	1558.30	(495.92)	510.20
Earning per share (Rs.)	(4.52)	7.05	7.93	17.88	30.31	2.25	6.05	17.35	(5.47)	5.62
Dividend per share (Rs.)	-	1.00	1.50	3.00	6.00	4.00	4.00	4.00	-	1.00
Reserves & Retained Earnings	5812.10	6305.88	6776.98	7984.09	9942.52	9739.87	9857.44	11070.49	10634.70	11252.07
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	907.92	907.92
Shareholders' Funds	6630.34	7110.95	7590.66	8824.09	10782.52	10579.87	10697.44	11910.49	11542.62	12159.99
Return on Equity (%)	(5.73)	8.33	8.77	17.02	23.61	1.79	4.75	13.08	(4.30)	4.20
Book Value / Share (Rs.)	78.93	84.65	90.36	105.05	128.36	125.95	127.35	141.79	127.13	133.93
Gross Block	11718.26	11632.38	12402.03	13609.38	14336.36	15674.24	16299.51	17106.60	19515.84	19996.64
Net Block	5777.68	5236.47	5384.24	5756.45	6297.74	6813.56	6867.78	6794.23	8158.60	7727.07

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

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of Nitta Gelatin India Limited will be held on **Tuesday, the 8th September, 2015 at 12.00 Noon, at Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin 682 016** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended 31st March 2015, together with the Report of the Board of Directors and the Auditors thereon; and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2015, together with the Report of the Auditors thereon.

2. To declare a Dividend

3. Mr. K. Ramakrishnan, Director (DIN:00149517) is to retire by rotation at this meeting. Mr. K. Ramakrishnan does not offer for re-appointment. In that circumstance, and in view of there being no suitable replacement at this point of time, the following resolution to be passed as an **ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 152(7)(a) of the Companies Act, 2013 and Article 113 of the Articles of Association of the Company that the vacancy arising consequent to the retirement of Mr. K. Ramakrishnan (DIN : 00149517) as Director of the Company, be not filled up for the time being, till such time there is a suitable replacement to the office.”

4. To ratify the appointment of 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(1) and Section 142 of the Companies Act, 2013 and the decision taken by the shareholders at the Annual General Meeting held on 11.07.2014, appointment of M/s Varma & Varma, Chartered Accountants, (Firm Registration No 004532S) as Statutory Auditors to hold office until conclusion of the Annual General Meeting relating to the Financial Year 2015-16, be ratified by the shareholders of the Company with respect to said tenure for the financial year running 2015-16 on a remuneration that may be fixed by the Board of Directors”.

**SPECIAL BUSINESS:**

**Item No 5: To appoint Mr. Takeo Yamaki (DIN: 02669053) as a Whole-time Director designated as Director (Technical)**

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

“RESOLVED THAT in supersession of the Resolutions passed under item no.5 at the Extraordinary General Meeting dtd 17.04.2015, for reasons outlined in the Explanatory statement forming part of this Resolution; and pursuant to provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (The Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Article 127(1) of the Articles of Association of the Company and such other approvals by Statutory and Regulatory Authorities as might be required, approval of the Company be and is hereby accorded to the appointment of Mr. Takeo Yamaki (DIN 02669053) as a Whole-time Director designated as Director (Technical), of the Company for a period of 2 (two) years with effect from 11.07.2014 on the terms and conditions including payment of remuneration in the absence of profits in the respective financial years, as minimum remuneration as herein below:-

1. Basic Pay : Rs.1,62,000/- per month
2. Designation : Director (Technical)
3. Location of work : Shall be posted to work at the following address:  
Nitta Gelatin India Limited  
Post Box. 4262,  
54/1446, SBT Avenue  
Panampilly Nagar,  
Kochi - 682036,  
India.
4. Period of appointment : Two years from 11.7.2014
5. Housing : He will be provided with rent free furnished accommodation by the Company. The actual rent for this accommodation shall be subject to a ceiling of 50% of Basic Pay.

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 and 10% of cost of furniture, if any, shall be made from salary.

6. Medical Benefits: Reimbursement of actual medical expenses incurred for self and family subject to an yearly ceiling of Rs.15,000/-. Unavailed medical benefit for any year shall be allowed to be carried forward to the next year.
7. Leave Travel Concession: Return passage for self and family once in a year by air by Economy Class, to and from his place of residence in Japan.
8. Personal Accident Insurance: Shall be covered under a Personal Accident Insurance policy at an annual premium not to exceed Rs. 6,000/- to the Company.
9. Car: Free use of Company car with driver for official use. Use of car for personal purposes will be billed for.
10. Telephone: Free telephone, internet and fax facility will be provided at residence.
11. Income tax liability arising out of the above will have to be borne by the employee.
12. Reporting Relationship: Director (Technical) shall functionally report to the Managing Director.

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

#### **Item No. 6: Approval for entry into Related Party Transaction by the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (The Act) read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and read with Clause 49 (VII) of the Listing Agreement entered into with the Stock Exchanges (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members of the Company by way of a

special resolution be and is hereby accorded to the Board of Directors (hereinafter called “the Board” which term shall be deemed to include any Committee which the Board may constitute for the purpose) for execution of contracts by the Company with M/s. Nitta Gelatin Inc., Japan and M/s. Nitta Gelatin NA Inc., USA to sell, purchase, or supply of any goods or material and to avail or render any service of any nature, whatsoever, as the Board in its discretion deem proper, subject to complying with the procedures to be fixed by the Board or its committee, upto an amount and as per the terms and conditions mentioned under item No. 6 of the explanatory statement with respect to transactions proposed, and annexed hereto with notice”.

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

By Order of the Board,

Kochi  
09.05.2015

G. Rajesh Kurup  
Company Secretary  
M.No.A8453

#### **Notes:**

1. The Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

3. The instrument appointing the proxy, duly completed, stamped and signed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. The proxy form for the AGM is enclosed herewith.
  4. The Company notifies Closure of Register of Members and Share Transfer Books thereof **from 2nd September, 2015 to 8th September, 2015 (both days inclusive)** to determine the members entitled to receive dividend which will be declared at the Annual General Meeting.
  5. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
  6. Members are requested to notify the Registrar and Share Transfer Agents immediately of their Bank Account Number and name of the Bank and Branch in the case of physical holdings and to their respective Depository Participant in the case of demated shares, so that payment of dividend when made through NECS/Dividend Warrants, can capture the updated particulars and avoid delay/default.
  7. The Company has appointed M/s Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agents of the Company to deal with the physical as well as electronic share registry.
  8. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents at their address as given above in the case of physical holdings and to their respective Depository Participant in case of demated shares.
  9. Members may kindly update their email address with the Company/ Registrar Cameo Corporate Services such that correspondence reach you without fail;
  10. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.
  11. Members desiring any information as regards the accounts are requested to write to the company so as to reach the Registered Office at least 5 days before the date of meeting to enable the management to keep the information ready.
  12. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in electronic/ demat form. Those members who have not yet converted their holdings into the electronic form may please consider opening an account with an authorised Depository Participant and arrange for dematerialisation.
  13. Members attending the Annual General Meeting are requested to bring with them the ATTENDANCE SLIP sent along with the Annual Report.
  14. The business need also to be transacted through electronic voting system and the company is providing facility for voting by electronic means.
  15. As per the applicable provisions and rules thereunder any Dividend remaining unpaid and unclaimed at the end of 07th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the dividend paid during the year 2007-08 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 3rd August, 2015.
  16. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per Register of Members of the company will be entitled to vote.
  17. Voting through electronic means  
Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and clause 35 B of the Listing Agreement with the Stock Exchanges, the Company is pleased to offer remote e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Tuesday, the 8th September, 2015 at 12.00 Noon, at Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin 682 016. Please note that the remote e-voting through electronic means is optional. The Company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e- voting facilities. The remote e voting facility is available at the link <https://www.evotingindia.com> :
- The Company had fixed **Tuesday, 1st September, 2015** as the cut off date for determining voting right of shareholders entitled to participate in the remote e-voting process. In this regard,

your demat account/folio number has been enrolled by the Company for your participation in e voting on resolutions placed by the Company on e-voting system.

The remote e-voting facility will be available during the following period:

<b>Commencement of remote e-voting</b>	<b>Saturday, 5th September, 2015 at 9:00 a.m</b>
<b>End of remote e-voting</b>	<b>Monday, 7th September, 2015 at 5:00 p.m</b>

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

**The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on 1st September, 2015.**

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

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

	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) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Sequence Number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. eg.: If your name is Ramesh Kumar with Sequence Number 1 then enter RA00000001 in the PAN field.	
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. <b>Please enter the DOB or Dividend Bank Details in order to login.</b> If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field in order to login.	

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for NITTA GELATIN INDIA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired.



The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - c) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section

or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The Company has appointed MrAbhilash N A (M No.22601 and C.P No.14524) as the Scrutinizer for conducting the remote e- voting process in fair and transparent manner.
- The Scrutiniser shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser’s report on the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or the person authorized by him shall declare the result of the voting forthwith.
- The Results declared, along with the scrutinizer’s Report, shall be placed on the Company’s website [www.gelatin.in](http://www.gelatin.in). and on the website of CDSL immediately after the results have been declared by the Chairman. The Company shall simultaneously communicate the results to BSE Ltd., Mumbai, who shall place the same in their web site.

## EXPLANATORY STATEMENT

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

#### Item No: 5 - Appointment of Mr. Takeo Yamaki as a Wholetime Director designated as Director (Technical)

The EGM dated 17.04.2015 had approved the appointment and remuneration of Mr. Takeo Yamaki as per part III Schedule V of the Companies Act, 2013, while the application for approval before the Ministry of Corporate Affairs (MCA) post the Board meeting dtd 11.07.2014, awaited approval.

The remuneration proposed for Mr. Takeo Yamaki and the other Wholetime Director, the Managing Director of the Company, exceeds the overall maximum remuneration specified under Section 197(1) of the Act. As the Company has inadequate profits, it warrants conformity to the provisions under Section II, Part II, Schedule V of the Act. This necessitates a disclosure of additional information as ‘General Information’ about the appointee, and

on business of the Company, meant to enable the shareholders to take an informed decision afresh, on the said proposal for appointment of the WTD.

Hence, the motion is again put up before shareholders for approval. The motion is supported by reproduction of the following statement of facts which accompanied the one passed at EGM dtd 17.04.2015:

Article 98 of the Articles of Association of the Company provides that so long as Kerala State Industrial Development Corporation Limited (KSIDC) and Nitta Gelatin Inc., (NGI) Japan hold shares in the Company (both identified as promoters), the representatives of KSIDC and NGI on the Board of your Company shall be as per Promotional Agreement between these promoters. In the absence of a specific provision for the appointment of a Wholetime Director in the existing Promotional Agreement, based on a formal request by NGI, Japan, KSIDC has agreed to NGI's proposal for appointment of a Wholetime Director, designated as Director (Technical) of the Company. NGI, Japan had vide their letter nominated Mr. Takeo Yamaki, who till recently was acting as a non-Executive Director on the Board of the Company, as a Wholetime Director to be designated as Director (Technical). On nomination by Nitta Gelatin Inc., Japan, Mr. Takeo Yamaki is continuing as a non Executive Director on our Board of Directors from 11.05.2009.

Since Mr. Takeo Yamaki is not a resident in India as envisaged under Schedule V Part I of the Companies Act, 2013 (the Act), his appointment by the Board / General Meeting as Director (Technical) has to be approved by the Central Government. The remuneration proposed for Mr. Takeo Yamaki as Director (Technical) is within the limits prescribed under Schedule V as envisaged under Section 197 (3) of the Act, so as not to necessitate an approval by the Central Government, of any such terms and conditions. Your Board of Directors at their meeting dated 11.07.2014, on detailed consideration of the recommendations of Nomination and Remuneration Committee, recommends to the General Body of shareholders, appointment of Mr. Takeo Yamaki as a Wholetime Director designated as Director (Technical) on such terms and conditions as are herein proposed and subject to such other approvals by the Statutory and Regulatory Authorities as might be applicable.

The Company is inadequate in profit as aforesaid, and the motion is proposed as a Special Resolution

with the following Additional Information as envisaged under Law.

Except Mr. Takeo Yamaki, no other Director, other key managerial personnel or relatives thereof are 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 30.04.1975. 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	2013-14	2014-15
Sales (Net)	28030	34857
Net Profit / (Loss) after tax	(496)	510

**Export performance and net foreign exchange collaborations:**

(Rs.in lacs)

Year	Export Sales	Forex Earnings
2013-14	16296.11	16296.11
2014-15	18274.81	18330.98

**(5) 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. Takeo Yamaki is a BE (Synthetic Chemistry) from Okayama University, Okayama, Japan. Mr. Takeo Yamaki had a long tenure with Nitta Gelatin Inc., Japan and till recently was working as General Manager, Gelatin Division at NGI, Japan.
- Past remuneration drawn (FY 2013-14):** No remuneration drawn from domestic companies in India.
- Recognition or Awards:** He has long years of experience at Nitta Gelatin Inc, Japan, leaders

in Gelatin Industry in the Asia Pacific region. He was serving as a Director at Nitta Gelatin Inc, Japan.

4. **Job Profile and his suitability:** Mr. Takeo Yamaki as Director (Technical) looks after the Operations of the Company; specifically, technical and quality aspects with respect to Raw material, Products and Process, in addition to R&D projects. He reports to the 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 lower than that of similar designated/positioned Executives in the industry, in Japan.
7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Mr. Takeo Yamaki 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 31.03.2015, the Company has registered inadequate profit to support the salary of the managerial Personnel, for the following reasons:

- a. The main raw material for the Company, crushed animal bone has witnessed a significant increase in price during the financial year 2014-15 and the entire impact thereof could not be passed on to the customers in view of the stiff market competition and the nature of trade, prevailing in the industry.
- b. Decline in the quality of crushed bone was also a matter of serious concern which in turn had caused serious impact on the product quality and yield, eventually affecting the profitability, adversely.
- c. Prices of Dicalcium Phosphate, a major product of the Company remained at lower levels during the entire financial year as compared to the prices prevailing in 2013-14.

#### 2 Steps taken / proposed to be taken for improvement

The Company has streamlined the operations

at the 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. The said trends are visible, too.

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.

The Company is expected to be consistently maintaining productivity and growth in profits.

### IV DISCLOSURE

1. A draft resolution and detailed Explanatory Statement about the appointment and terms and conditions thereof of Mr. Takeo Yamaki 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. 6: Approval for entry into Related Party Transaction by the Company**

The Companies Act, 2013 aims to ensure transparency in the transaction and dealings between related parties of the Company. The provisions of Section 188 (1) of the Companies Act, 2013 that governs the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned therein, with the Related Party(s), the Company must obtain prior approval of the Board of Directors.

As per provisions of Section 188 of Companies Act 2013 and Rules thereunder, if the value of the sales transactions together with the value of transactions entered so far during the year exceeds 10% of the turnover of the Company as per the previous audited financial statement

in respect of Related Party, the Company has to obtain prior approval of shareholders by way of a Special Resolution.

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

As per Listing Agreement, Clause 49, if the transaction is material by reason of exceeding 10% of annual consolidated turnover (taken individually or together), the approval of Shareholders by way of Special Resolution has to be obtained.

In the light of the provisions of the Act, the Board of Directors of your Company has approved the proposed transactions along with the limits that the Company may enter into with its Related parties for the period 01.10.2015 to 30.09.2016. Earlier, such transactions upto 30.09.2015 were approved at EGM dated 17.04.2015.

All the prescribed disclosures as required to be given under the provisions of the

Companies Act 2013 and the Rules thereunder are given below in tabular format for kind perusal and members' approval:

Members are hereby informed that pursuant to governing provisions of law, no member of the Company shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

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

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

By Order of the Board,

Kochi  
09.05.2015

G. Rajesh Kurup  
Company Secretary

**PARTICULARS OF RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED DURING 01.10.2015 TO 30.09.2016 FOR THE PURPOSE OF APPROVALS U/S 188 OF THE COMPANIES ACT 2013.**

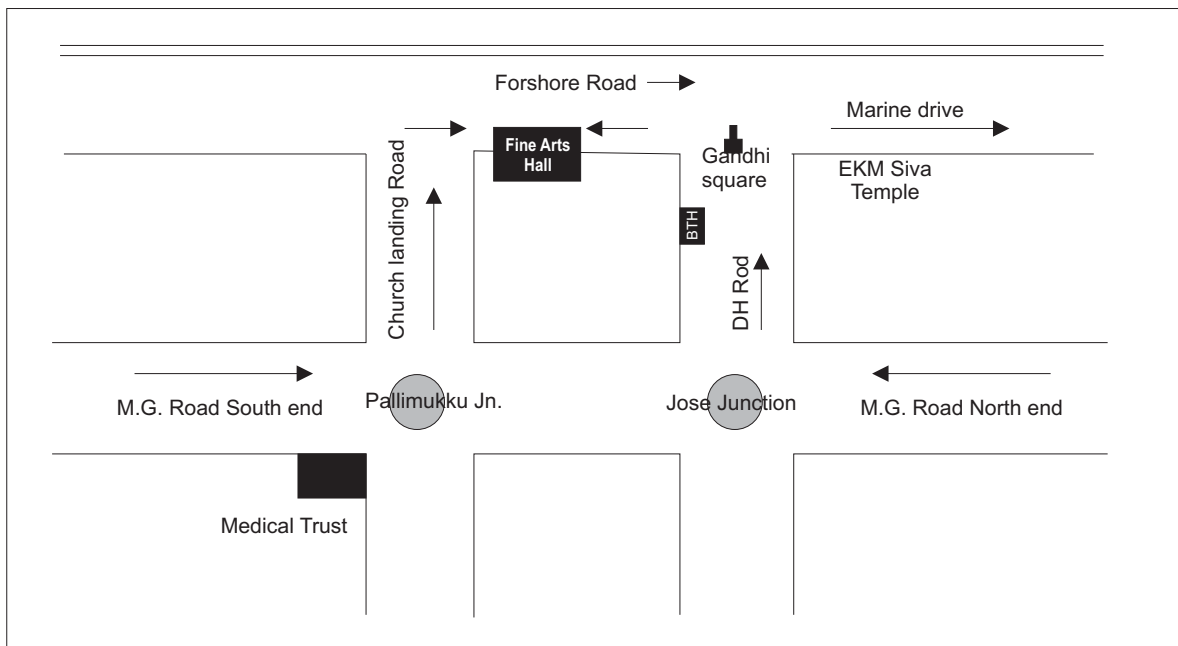
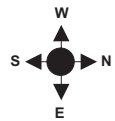
**(TRANSACTIONS / CONTRACTS CARRIED OUT IN THE ORDINARY COURSE OF BUSINESS)**

Name of Related Party	Director / KMP related	Nature of Relationship	Nature of Transaction	Period of Transaction	Maximum value of Transaction (Rs. in lakhs)
Nitta Gelatin Inc., Japan	N. Soga (Dr. Keiji Suzuki - Alternate Director)	Director & Chairman, Nitta Gelatin Inc., Japan	Sale of Goods	from 01.10.2015 to 30.09.2016	22,000
	T. Yamaki	Nominee of Nitta Gelatin Inc., Japan	Availing of services	from 01.10.2015 to 30.09.2016	300
Nitta Gelatin NA Inc., USA	N. Soga (Dr. Keiji Suzuki - Alternate Director)	Director & Chairman, Nitta Gelatin Inc., Japan	Sale of Goods	from 01.10.2015 to 30.09.2016	12,000
	T. Yamaki	Nominee of Nitta Gelatin Inc., Japan	Availing of services	from 01.10.2015 to 30.09.2016	150

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ APPROVAL OF TERMS OF APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name</b>	<b>T. Yamaki</b>
Age (Years)	55
Nationality	Japanese
Qualification	Engineer
Date of appointment	11.05.2009
Expertise	Long tenure with Nitta Gelatin Inc., Japan. Till recently working as General Manager, Gelatin Division at NGI, Japan.
Other Directorships excluding Foreign Companies	Bamni Proteins Limited
Member / Chairman of committees of other companies	Nil
Relationship, if any, between Directors interse.	No

Route-map to the Venue of AGM



## DIRECTORS' REPORT

Dear Shareholders,

The Directors take pleasure in presenting the 39<sup>th</sup> Annual Report and Audited Financial Statement of your Company for the year ended 31<sup>st</sup> March, 2015. The Management Discussion and Analysis is also incorporated into this report.

### FINANCIAL RESULTS

(Rs. in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Sales (including export incentives and net of Excise Duty & VAT)	359.13	289.24
Other Income	2.03	0.12
<b>TOTAL</b>	<b>361.16</b>	<b>289.36</b>
<b>Gross Profit before Depreciation</b>	<b>20.41</b>	<b>3.32</b>
Deducting therefrom:		
Depreciation	10.38	10.63
Provision for Tax -		
- Current Tax	2.24	-
- Deferred Tax	2.58	(2.97)
- Prior years	0.11	0.62
<b>Profit / (Loss) after Tax</b>	<b>5.10</b>	<b>(4.96)</b>
<b>Balance Profit / (Loss) available for appropriation</b>	<b>5.10</b>	<b>(4.96)</b>
<b>Appropriations :</b>		
Proposed dividend	0.91	NIL
Tax on dividend	0.18	NIL
Transfer to General reserve	2.82	NIL
Profit brought forward from Previous Year	12.90	17.86
Balance Profit carried to Balance Sheet	14.09	12.90
Basic & Diluted Earnings per share (Rs.)	5.62	(5.47)

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1/- per share @ 10 % of the face value of Rs. 10/- per share on the equity capital for the financial year 2014-15, for your approval in the ensuing General Meeting. The total outflow on account of dividend inclusive of corporate tax on dividend would be Rs.109.27 lakhs.

During the year, unclaimed dividend of Rs. 0.88 lakhs pertaining to the year ended 31<sup>st</sup> March, 2007, was transferred to the Investor Education & Protection Fund after giving due notice to the members.

### SHARE CAPITAL

The paid-up equity share capital as on 31<sup>st</sup>

March, 2015 was Rs.907.92 lakhs. During the year under review no issue of shares was made. Your company has proposed the preferential issue of 929,412 Optionally Convertible (non-cumulative) Preference Shares (OCPS) of Rs. 170/- each aggregating to Rs. 158,000,040/- to one of the promoters, M/s. Nitta Gelatin Inc., Japan. The proceeds of this issue are intended to be utilized for augmenting the environment management infrastructure at the production units of your company by upgrading the pollution control facilities, reducing water consumption and enhancing the odour mitigation systems. These shares carry a fixed dividend of 5.4029% and are redeemable at par at the expiry of seven years from the date of allotment with Put and Call option at the expiry of five years from the date of allotment.

The said OCPS carry the option to get converted into equity shares either in full or in part at a value of Rs. 170/- per Equity share of face value of Rs. 10/- and share premium of Rs. 160/- per share not later than 18 months from the date of allotment of OCPS, subject to the Company complying with Clause 40A of the Listing Agreement with the Stock Exchange post conversion and NGI, Japan adhering to the SEBI Takeover Regulations.

To facilitate the issue of OCPS as above, the Authorized share capital of your Company has been enhanced from the present Rupees Twenty Crores (comprising of 2 crore Equity shares of Rs. 10/- each) to Rupees Thirty Five Crores Eighty Lakhs and Forty only (comprising of 2 crore Equity shares of Rs. 10/- each and 929,412 Optionally Convertible (non-cumulative) Preference Shares of Rs. 170/- each).

The above proposals were approved by the members in the Extra Ordinary General Meeting held on 17.04.2015 and the OCPS shares were allotted to NGI, Japan on 28.04.2015.

## RESERVES

From out of the net profits of the year, an amount of Rs. 282.00 lakhs is transferred to General Reserve. Reserves as on 31.03.2015 comprised of Security Premium Reserve of Rs. 2895.90 lakhs, Capital Investment Subsidy of Rs. 15.00 lakhs, Special Export Reserve of Rs. 79.00 lakhs, General Reserve of Rs. 6636.64 lakhs, Hedge Equalisation Reserve of Rs. 234.78 lakhs and credit balance in Profit & Loss Account of Rs. 1390.75 lakhs, aggregating to Rs. 11252.07 lakhs.

## PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

Details of Loans, Guarantees & Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## PERFORMANCE

The gross revenue from operations of your Company touched an all-time high of Rs. 371.80 crores. This increase of 25% as compared to the previous year was achieved through increase in the production and sales volume of all its major products, increase in the unit sales realization of all its products (except in case of Di-Calcium Phosphate, for which the decline in price was consistent with the industry trend) besides a favourable foreign exchange rate movement in USD / INR.

Increase in Gelatin selling price during the year was 6%, Ossein 13% and Collagen Peptide 3% in comparison to previous year. In the case of Di-Calcium Phosphate, the drop in sales realization was 9%. The poultry industry in India, which had seen high growth for the past couple of years, witnessed a correction during 2014-15, with the farmers resorting to optimize costs with cheaper substitutes for feed and cutting down on the poultry population itself to contain the decline in product prices. In the case of Gelatin, though the domestic market continued to be attractive, the demand at some of the global markets declined considerably during the second half of the year.

Availability and quality of crushed bone, the main raw material, continued to pose a challenge during the review period. Crushed bone prices have registered an overall increase of 22% which dented the operating margin for the year. Despite this, by exercising utmost control over fixed overheads, prudent structuring of hedging mechanisms for foreign currency exposure and keeping the physical performance parameters under close vigil, your company could neutralise to a significant extent the factors adversely impacting the profitability of operations. This has resulted in a pre-tax profit of Rs. 10.03 crores during 2014-15 as against a net pre-tax loss of Rs. 7.31 crores during 2013-14.

The products of your Company continue to enjoy enviable market equity. The entire sale of Ossein, 48% of the total sales of Gelatin and 39% of Collagen Peptide were exported. Your Company has arrangements with our overseas collaborators, Nitta Gelatin Inc., Japan to leverage their expertise and market insights in servicing its customers in a proactive manner in line with the global standards of Nitta Group.

The consistent growth in the volume of all our products is a testimony to the strong equity enjoyed by our products in markets, worldwide.

The major production facilities of your company are the Ossein plant at Koratty, Trichur District and Gelatin/Peptide plant at Kakkanad, Ernakulum District, Kerala. All the factories owned by the Company are being operated in strict compliance with all the prescribed standards/norms 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 the Panchayat license for the financial year 2015-16 as was the case from 2011 onwards. Denial of the license was challenged before the Hon'ble High Court of

Kerala and the Court has ordered status quo in the matter till the final disposal of the petition. Your Company is complying with all the norms specified by the Pollution Control Authorities and this has been confirmed during the joint inspection by the National Environmental Engineering Research Institute (NEERI), Pollution Control Board Authorities and the District Administration. Based on expert legal advice, the earlier Court verdicts in the matter and the real facts of the situation, the Company believes that it has a very strong case and expects a favourable decision in the appellate proceedings.

### **BONUS ISSUE & SHAREHOLDERS' RESOLUTIONS**

The shareholders of the Company in the Extra Ordinary General Meeting (EGM) on 24.08.2013 had resolved as follows:-

Issue of bonus shares in the ratio of 1:3 to the promoters of the Company in partial modification of the resolution passed in relation to the issue of bonus shares only to the public shareholders, as approved in the EGM held on 29.05.2013 subject to such approvals and sanctions as may be required.

Issue of 696,667 Equity shares of the Company under an Employee Stock Purchase Scheme.

However, the issue of these shares was delayed in view of the modifications to the earlier resolutions, and SEBI vide their letter of 14.02.2014 had declined to grant condonation for the delay in issue of the aforesaid bonus shares beyond the period of two months prescribed under Regulation 95(1) of the SEBI ICDR. The appeal preferred against the said order of SEBI before the Securities & Appellate Tribunal has been decreed against the Company.

In the aforesaid circumstances, it is not possible for your Company to act upon the shareholders' resolutions referred to above.

### **CREDIT RATING**

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

### **AWARDS & ACCOLADES**

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

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.  
(c) ISO 14001:2004 for Gelatin Division for Environment Management System

ISO 9001: 2008 for Quality Management System of the Company

FSSC Certification for Food Safety Management System for Gelatin Division 2014

(f) Halal / Kosher Certification for Gelatin and Collagen Peptide

(g) NABL Accreditation for in-house laboratory

### **HEALTH SAFETY AND ENVIRONMENT**

Compliance with all the applicable regulations and effective monitoring for its continuance is an integral part of your company's operating philosophy. 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.

#### **Health and Safety**

Your Company is committed to promote the health and safety of its employees. The Company has put in place a safety committee at each of its Divisions which meets regularly to review issues impacting plant safety and employee health. Regular health check up of the employees is carried out by reputed hospitals. The Company could maintain good progress in the area of process safety with no major accidents reported during the year.

#### **Environment**

Your Company continuously endeavors to improve on matters relating to environmental management. Through all our activities, we demonstrate our commitment to protect the environment. The quality of treated water being discharged from the waste water treatment plant is well within the norms laid down by the Pollution Control Authorities. The emissions from the boilers and generator stacks are regularly monitored. With the commissioning of the biogas generator at our Ossein plant, substantial portion of the raw effluent from production is now being converted into biogas. Water recycling and water reuse are being regularly pursued and improved upon by the Company with specific targets.

At the instance of the Hon'ble High Court of Kerala, NEERI, a constituent laboratory of the Council of Scientific & Industrial Research, Govt. of India, conducted 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 pollution control measures adopted by the Company. While expressing satisfaction over the effluent treatment systems in place at our Ossein plant, NEERI has made few recommendations for further improvement of the systems, all of which are being pursued for implementation by the Company. Subsequently, at the instance of the Pollution Control Board, NEERI after conducting a joint monitoring of the progress of implementation of their recommendations along with representatives of the Pollution Control Board and the District Administration has reported that the Company is implementing the recommendations in all earnestness as per the recommended schedule. As mentioned in this report, the Company has already mobilized funds to the tune of Rs. 15.80 crores through the issue of Optionally Convertible Preference Shares to finance various capital investments which are aimed at further improving the infrastructure for effective environment management and water conservation. With this, your Company will be further equipped with state-of-the-art facilities for managing its environment and hence the health and safety of the employees and the local community at large.

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

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

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company has formulated a well structured CSR Policy aimed at providing focus and direction to the various activities on CSR being undertaken by the Company including through the charitable trust, K. T. Chandu - Seiichi Nitta Foundation and other approved agencies. The projects undertaken by the Company are in the areas of education, livelihood, health, water and sanitation. These projects are in accordance with Schedule VII of the Companies Act, 2013. Annual Report on CSR activities is annexed herewith as **Annexure I**.

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

In accordance with the provisions of the Listing Agreement, your Company had formulated a Material Subsidiary Policy specifying the criteria for determining the Material Subsidiaries. The said policy is available in the Company website [www.gelatin.in](http://www.gelatin.in).

## **SUBSIDIARY COMPANIES**

### **BAMNI PROTEINS LIMITED**

The annual production during the year in this subsidiary company was 2345 MT of Ossein and 5135 MT of Dicalcium Phosphate as against 2417 MT of Ossein and 5470 MT of Di-Calcium Phosphate during the previous year.

The operation of this subsidiary for the year under review has resulted in a net loss of Rs. 54.86 Lakhs post tax as against a net profit of Rs. 72.39 lakhs post tax for the previous financial year. This was largely on account of product quality issues besides increase in the cost of utilities.

### **REVA PROTEINS LIMITED**

At Reva Proteins Ltd., the Plant capacity utilization was only around 50% during the financial year 2014-15 owing to non-commissioning of the pipeline by the Government, for marine discharge of the treated effluent, thereby restricting the quantum of discharge of treated effluent into the existing effluent discharge pipeline. Such restrictions are expected to be withdrawn once the marine discharge pipeline intended for Jhagadia Industrial Estate (now under construction), and scheduled to go on stream during the middle of 2015-16, gets commissioned.

During the financial year ended 31.03.2015, this subsidiary recorded a net loss of Rs. 813.92 lakhs and a cash loss of Rs. 519.14 lakhs as against a net loss of Rs. 231.06 lakhs and a cash profit of Rs. 283.80 lakhs during the previous financial year. The annual production during 2014-15 was 1336.65 MT of Ossein, 521.90 MT of Limed Ossein as against 1869.34 MT of Ossein and 1039.75 MT of Limed Ossein during the previous year.

The statement containing the salient features of the financial statement of both the subsidiaries under first proviso to sub-section (3) of section 129 of the Act in form AOC 1 is attached as **Annexure II**.

Annual accounts of the subsidiary companies and 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 subsidiary companies concerned. Hard copy of details of accounts of subsidiaries shall be furnished to any shareholder on demand. Further, pursuant to Accounting Standard AS - 21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries.

### STATUTORY AUDITORS' REPORT

Observation of audit vide para 7(b) of Annexure referred to in the paragraph titled "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's Report for the year. The points covered in the above para are explained in detail under para 2.28 of the Notes forming part of the accounts for the year and hence no further comments are called for.

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

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

Sl No	Observation	Reply
1	Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Rules and MCA General Circular No.14/2014 dated 09.06.2014, the appointment of Independent Directors under the Companies Act, 2013 ought to have been made before 31 <sup>st</sup> March, 2015. But the Company had not appointed Independent Directors at the General Meeting on or before the said date. Nevertheless, the Company at their Board Meeting had appointed Additional Directors meeting the criteria of Independence in the category of Independent Director within the said date and issued notice for Extra Ordinary General Meeting for the appointment of Independent Directors which was only held on 17 <sup>th</sup> April, 2015.	There was substantial compliance of the provisions, when Independent Directors were identified against the criteria recognized / fixed by the Board, and proposals made and notice sent to the shareholders for the General Meeting, before 31.03.2015. The delay was only to the extent of 17 days, since the EGM held on 17.04.2015, appointed the Independent Directors.
2	Pursuant to Section 158 of the Companies Act, 2013 every person or company, while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number(DIN) in such return, information or particulars in case such return, information or particulars relate to the director or contain any reference of any director. But DIN Nos of the Directors are not mentioned in the AGM Notice dated 09/05/2014, Directors' Report and Financial Statements and Resolutions filed with Registrar of Companies.	Subsequent to the AGM notice dt. 09.05.2014 referred to by audit, the notice for the EGM held on 17.04.2015, had conformed to the requirement of showing the DIN No. of Directors in the corresponding resolutions.
3.	The Company's Memorandum and Articles of Association should be amended in order to align with the Companies Act, 2013. This is more specifically required since the Board of Directors had approved increase of Authorised capital at their meeting held on 20.03.2015 and issued notice for the Extra Ordinary General Meeting for approval of the shareholders for the alteration of MOA and AOA. Consequently, the Shareholders at the EGM held on 17.04.2015 had approved the same. Hence, considering Section 5(9) of the Companies Act, 2013 too, the Company is advised to immediately amend the MOA and AOA in order to align with the Companies Act, 2013.	With the governing provisions under Companies Act and SEBI Guidelines having settled down we are soon initiating required amendments to the MOA and AOA.
4	There was delay of 54 days in filing Form CHG-1 for the modification of Charge ID 90016886 in connection with the enhancement of working capital limit of Rs 487100000 to Rs 547100000 by the State Bank of India .	There were two reasons why we encountered a delay of 54 days in filing CHG-1. This CHG form had to return from the charge holder banker after affixing Digital Signature. Besides, when the form was thus ready for uploading, they underwent modification in the said MCA format, resulting in the delay.
5	The Clause 47 (C) Certificate for the half year ended 31.03.2014 pursuant to Listing Agreement stated that the Company had delivered Debenture Certificate within 15 days under transfer but in reality the Company had not issued any Debentures. The Clause 47 (C) Certificate for the half year ended 30.09.2014 shows the period as 01.03.2014 to 31.08.2014, which does not reflect the status of transfer during the month of September, 2014.	This shall be taken care in future.

6	Pursuant to Clause 54 of the Listing Agreement, even though the Company is maintaining functional web site, certain elements like Shareholding Pattern, Compliance with Corporate Governance, Financial Information, Contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/or their associates, if any are not posted in the Web site of the Company, regularly.	The functional website shall soon be updated and arrangements made for it to be updated regularly thereafter.
7	The Company is taking apprentices pursuant to the provisions of the Apprentices Act, 1961. But on examination, has not found any Contract of apprenticeship sent by the Company to the apprenticeship advisor for registration.	Noted for corrective action
8	The Company is not notifying the vacancies to employment exchanges as prescribed in Section 4 of the Employment Exchange (Compulsory Notification of Vacancies) Act, 1956 read with Rule 5.	Noted for corrective action
9	The Company has not furnished quarterly returns in Form No.ER-1, Biennial return in Form ER-II to local employment exchanges as prescribed in Rule 6 made under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1956.	Noted for corrective action

## COLLABORATORS

Your collaborators continue to extend their unstinted support and co-operation to all the major initiatives of the Company. As mentioned, NGI, Japan has fully subscribed for the Optionally Convertible Preference Shares for an amount of Rs. 15.80 crores, apart from providing technical information, training of personnel, deputing trained technicians and marketing our products. Kerala State Industrial Development Corporation Ltd, the Indian co-promoter is providing valuable support and guidance in the management of the Company.

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

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

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure IV-B. In

terms of first proviso to Section 136(1) of the Act 2013 the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

## RESPONSIBILITY STATEMENT OF DIRECTORS

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) that they had 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 31<sup>st</sup> March 2015 and of the profit of the Company for the year ended on that date;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they had prepared the annual accounts on a going concern basis;

- e) that they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### RELATED PARTY TRANSACTIONS

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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the Listing Agreement with the Stock Exchange. A separate section on corporate governance under the Listing Agreement, along with a certificate from the auditors confirming compliance, is annexed and forms part of the Annual Report.

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the provisions of Schedule III of the Companies Act, 2013 and Accounting Standards 21, 27 and other applicable Accounting Standards issued by the Institute of

Chartered Accountants of India and the provisions of the Listing Agreement with the Stock Exchange and form part of the Annual Report.

### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no material weaknesses in the design or operation were observed.

### DIRECTORS

During the financial year 2014-15, both the promoters of the Company, M/s. Nitta Gelatin Inc., Japan (NGI) and M/s. Kerala State Industrial Development Corporation Ltd. (KSIDC) have agreed to reduce one nominee director each to bring down the total number of nominee directors from seven to five. Accordingly, NGI has withdrawn one of their nominees, Mr. Yoshifumi Matsumoto as a Director of the Company.

Your Board has appointed an eminent banker, Smt. Radha Unni, Chief General Manager (Retd.), State Bank of India as an Additional Director of the Company in the category of Independent Directors w.e.f. 11.07.2014. Dr. Naotoshi Umeno, a faculty in management studies in Kobe University, Japan since 1987 is also appointed as an Additional Director of the Company categorized as Independent Director w.e.f. 13.11.2014.

Mr. A. K. Nair and Mr. K. L. Kumar appointed and continuing with the Company as Independent Directors as at the date of the previous Annual General Meeting were reappointed as Independent Directors of the Company.

On the basis of a formal request from NGI, KSIDC has agreed to an amendment to the promoters' agreement for appointing the nominee of NGI as a Wholetime Director designated as Director (Technical). Accordingly, Mr. Takeo Yamaki, a Director of the Company is appointed as a Wholetime Director designated as Director (Technical) for a period of two years from 11.07.2014.

All the aforesaid appointment of Directors was approved by the members of your Company in the EGM held on 17<sup>th</sup> April, 2015.

All the Independent Directors have furnished declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

KSIDC has nominated Dr. M. Beena IAS as a Director of the Company replacing Mr. T. P. Thomaskutty, who has retired from the service of KSIDC upon superannuation.

With great pleasure, your Directors welcome the new Directors Mrs. Radha Unni, Dr. Naotoshi Umeno and Dr. M. Beena IAS. Your Directors also record their deep sense of appreciation for the guidance and support of Mr. T. P. Thomaskutty and Mr. Yoshifumi Matsumoto during their tenure as the Directors of the Company.

Mr. K. Ramakrishnan, an Independent Director served with distinction on the Board of the Company for a long term of around 17 years. He preferred not to get reappointed as an Independent Director at the Extraordinary General Meeting of the Company held on 17.04.2015. He was therefore subject to retirement at this AGM by virtue of the provisions as per section 152 of the Act. He does not also offer for re-appointment. The Board hereby places on record its sincere thanks and gratitude for the invaluable contribution made by Mr. K. Ramakrishnan towards the growth and development of the Company during his tenure as a director. The Board also on behalf of the members wishes Mr. K. Ramakrishnan a long and healthy life. The Board will take steps to find a replacement for Mr. K. Ramakrishnan at the earliest.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board at its meeting dated 20.03.2015 carried out its own annual evaluation of performance, both in terms of Board and Committee membership, with specific reference to Independent Directors and criteria for their independence. The rest of the Board members including the Chairman of the Board were evaluated by the Independent Directors at their meeting dated 17.04.2015. On the basis of report on performance evaluation, the Independent Directors were proposed for appointment before the Extraordinary General Meeting of the Company dated 17.04.2015, who had since been appointed.

### **KEY MANAGERIAL PERSONNEL**

Rule 8 (5)(iii) of Companies (Accounts) Rules, 2014 prescribes that Report of Directors should contain details of Directors and Key Managerial Personnel. Therefore, in addition to the details of Directors hereinabove given, it is brought to the notice of shareholders that Mr. K. Muraleedharan Nair was appointed as Chief Financial Officer (CFO) at the Board meeting dated 09.05.2014, while Mr.

G. Rajesh Kurup who held office as Company Secretary, continues as such since commencement of the Act and Rules effective 01.04.2014.

### **REMUNERATION POLICY**

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management personnel and their remuneration. The Remuneration policy is given as **Annexure VI** of this report.

### **MEETINGS**

The Board of Directors met 6 (six) times in the year 2014-15. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report. The intervening time gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

### **COMPOSITION OF AUDIT COMMITTEE**

The Board had re-constituted the Audit Committee which comprises of Mrs. Radha Unni as Chairperson with Mr. K. Ramakrishnan, Mr. A. K. Nair and Mr. K. L. Kumar as the members.

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

### **VIGIL MECHANISM**

The Company has established a vigil mechanism for Directors and employees to report genuine concerns, while providing for adequate safeguards against victimization, providing direct access to chairperson of Audit Committee, the details regarding which have also been given in the Company's official website ([www.gelatin.in](http://www.gelatin.in)).

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

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

A four member Internal Complaints Committee (ICC) is constituted with three lady employees and one lady NGO member. ICC is responsible for redressal of complaints relating to sexual harassment, as envisaged under the provisions

of Act and Rules. Hitherto no complaints were received by ICC.

### PREVENTION OF INDISER TRADING

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

### BUSINESS RISK MANAGEMENT

Pursuant to section 134(3)(n) of the Companies Act, 2013 & Clause 49 of the Listing Agreement, the Company has constituted a Business Risk Management Committee. The committee is entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the management systems that conducts the business of the company and manages associated risks.

The Risk Management procedures shall be periodically reviewed by the Committee to ensure that the Executive Management controls risk through the means of a properly defined frame work.

In pursuance of the aforesaid, a Risk Management Policy was developed and approved by the Board.

### STATUTORY AUDITORS

In the Annual General Meeting of the Company held on 11<sup>th</sup> July, 2014 the Statutory Auditors of the Company, M/s. Varma & Varma, Chartered Accountants, Ernakulam were appointed as Statutory Auditors of the Company to hold office until the conclusion of the AGM relating to the

financial year 2015-16. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as auditors of the Company. As required under Clause 49 of the Listing Agreement with the Stock Exchange, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. M/s. Varma & Varma have forwarded their confirmation that their re-appointment as above is within the limits specified under the Companies Act, 2013.

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

### SECRETARIAL AUDIT

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

### EXTRACT OF ANNUAL RETURN

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

### ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors,  
Kochi  
09.05.2015  
P. H. KURIAN IAS  
CHAIRMAN  
(DIN: 00027596)

## ANNEXURE I

### Annual Report on Corporate Social Responsibility CSR Activities

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

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

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

To pursue these objectives the Company shall:

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

and measures for reducing inequality faced by socially and economically backward group.

Web Link: [www.gelatin.in](http://www.gelatin.in)

#### 2. Composition of CSR committee

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

1. Average net profit of the company for last three financial years:

Average net profit: Rs. 8,45,14,790/-

2. Prescribed CSR Expenditure ( Two percent of the amount as in item 1 above)

The company is required to spend Rs. 16,90,295/-

3. Details of CSR spend for the financial year :

- a) Total amount spent during the financial year :Rs. 17,86,059/-
- b) Amount unspent, if any : Nil
- c) Manner in which the amount was spent during the financial year 2014-15 is detailed below:

(Amount in Rupees)

Sl. No.	Projects / Activities	Sector	Locations	Amount outlay (Budget) project or programme wise	Amount spent on the programme	Cumulative expenditure upto reporting period	Amount spent : Direct or through implementing agency
1.	Toolkits, Equipments to SHG - Women	Women Empowerment	Koratty / Kakkanad	1,50,000	99,400	99,400	Direct
2.	Study materials, noon meal	Children Education	Koratty / Kakkanad	2,00,000	1,48,889	1,48,889	Direct
3.	Medical camp, Palliative care,	Medical aid to the needy and promoting health care.	Koratty / Kakkanad	50,000	38,440	38,440	Direct
4.	Street Light / Bhurahitha Kerala Campaign	Upliftment of downtrodden	Koratty / Kakkanad	2,50,000	208,830	2,08,830	Direct
5.	Maintenance of Green belt / supply of saplings	Environmental sustainability	Koratty / Kakkanad	4,00,000	3,90,500	3,90,500	Direct
6.	Contribution to Public Charitable Society to a specific corpus for CSR expenditure	K.T. Chandy Seiichi Nitta Foundation	Koratty / Kakkanad	9,00,000	9,00,000	9,00,000	Direct
			TOTAL	19,50,000	17,86,059	17,86,059	

## RESPONSIBILITY STATEMENT OF CSR COMMITTEE

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

K. L. KUMAR	A. K. NAIR	T. YAMAKI	SAJIV K. MENON
CHAIRMAN	MEMBER	MEMBER	MEMBER
CSR COMMITTEE			

Place : Kochi

Date : 09.05.2015

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

## ANNEXURE - II

### Form AOC-1

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures.

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

#### Part "A": Subsidiaries

1	Sl. No.	1	2
2	Name of the subsidiary	BAMNI PROTEINS LIMITED	REVA PROTEINS LIMITED
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company	
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	
5	Share capital	4,25,00,000	18,86,05,200
6	Reserves & surplus	(61,29,920)	1,92,86,023
7	Total assets	6,65,63,389	39,42,72,156
8	Total Liabilities	6,65,63,389	39,42,72,156
9	Investments	NIL	35,40,000
10	Turnover	13,73,14,792	7,79,08,269
11	Profit before taxation	(49,85,564)	(8,13,92,448)
12	Provision for taxation	5,00,000	NIL
13	Profit after taxation	(54,85,564)	(8,13,92,448)
14	Proposed Dividend	NIL	NIL
15	% of shareholding	82.35	74.55

Names of subsidiaries which are yet to commence operations - NIL

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

#### Part "B": Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

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

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

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

P.H. KURIAN IAS CHAIRMAN (DIN:00027596)	SAJIV K. MENON MANAGING DIRECTOR (DIN:00168228)	T. YAMAKI DIRECTOR (DIN:02669053)
RADHA UNNI DIRECTOR (DIN:03242769)	DR. KEIJI SUZUKI DIRECTOR (DIN:02221545)	
K. L. KUMAR DIRECTOR (DIN:00004804)	A. K. NAIR DIRECTOR (DIN:00009148)	
K. MURALEEDHARAN NAIR CHIEF FINANCIAL OFFICER		G. RAJESH KURUP COMPANY SECRETARY

Place: Kochi

Date: 09.05.2015



### ANNEXURE III

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

##### (A) CONSERVATION OF ENERGY

- i) During the year various energy conservation measures were continued.
- ii) Additional investments and proposals are being implemented for reduction in consumption of energy.

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

###### Activities at Ossein Division

- i) Installed packing blowers in auto packer to avoid running of blower while filtration is stopped.
- ii) Powerless fans were fixed in Ossein drying to reduce drying time.
- iii) Liming plant / meat meal plant operations during peak hours rescheduled to off peak hours to save on energy costs.

###### Activities at Gelatin Division

- i) Addition of capacitors to improve power factor.
- ii) Installation of steam pump to recover condensate and to generate flash steam.
- iii) Replacement of metallic blades of cooling tower with FRP blades.
- iv) Replacement of high voltage lamps by low voltage ones inside the plant.

##### Capital investments on energy conservation equipments

The Company has spent an amount of Rs. 11.15 lakhs as capital expenditure on energy saving equipments during the year.

##### Energy conservation activities proposed for 2015-16

- i) Installation of biogas regenerators from raw effluent at both Ossein Division and Gelatin Division (for utilizing alternate source of energy).
- ii) Addition of capacitors to improve power factor.
- iii) Fixing of VFD for booster blowers in Ossein drying.

- iv) Fixing of energy efficient blower for DCP drying
- v) Replacement of 250W HPSV street lamps with 60W LED lamps.
- vi) Procurement of energy efficient motors
- vii) Installation of monitoring roof in peptide plant to reduce heat load.
- viii) Energy efficient cooling tower for compressor. Installation of VFD for process pumps.

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

Apart from product development, your company is channelizing R & D efforts for carving out viable techniques for separation of Chloride, development of alternate raw materials, reduction in process time etc. 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 requirements.
- Development of new products, especially line extension of existing products and new applications.
- 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	7.16	14.89
- Bamni Division R&D centre-Capital WIP	301.23	268.28
Total Capital expenditure	308.39	283.17
b. Recurring expenses - Ossein Division R&D Centre & Gelatin Division R&D Centre	49.72	287.40
Percentage to turnover	0.99	1.97

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

(Rs. in Lacs)

	Current year	Previous year
a. Earnings	18330.98	16296.10
b. Outgo	1564.92	1130.03

#### FORM-A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Current year 2014-15	Previous year 2013-14
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	290.18	241.99
Total Amount (Rs. In lacs)	1610.58	1333.99
Rate/Unit (Rs.)	5.55	5.51
(b) Own Generation		
(i) Through Diesel Generator Unit (KWH in lakhs)	1.45	2.95
Unit per litre of Diesel Oil	2.80	2.43
Cost / Unit (Rs.)	19.66	24.09
2. Furnace Oil		
Quantity (in KL)	744.00	847.00
Total Amount (Rs. in lakhs)	273.39	361.30
Average rate (Rs. per KL)	36770.71	42681.13
3. Firewood		
Quantity (in MT)	44925.52	38078.18
Total Amount (Rs. in lakhs)	1306.5	967.07
Average rate (Rs. per MT)	2908.14	2539.69
4. LNG		
Quantity (in MMBTU)	46374.73	15424.83
Total Amount (Rs. in lakhs)	473.89	180.97
Average rate (Rs. per MMBTU)	1021.86	1173.21
<b>Product - Ossein</b>		
1. Electricity (KWH) per MT	1886	1940
2. Firewood (MT) per MT	0.92	1.01
<b>Product - Gelatin</b>		
1. Electricity (KWH) per MT	3889	4115
2. Furnace Oil (KL) per MT	0.09	0.13
3. Firewood (MT) per MT	8.28	8.42
4. LNG (MMBTU) / MT	11.55	11.82
<b>Product - Collagen Peptide</b>		
1. Electricity (KWH) per MT	4063.91	3373.89
2. Firewood (MT) per MT	6.55	5.46

Kochi  
09.05.2015

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

**Annexure IV-A  
Particulars of Employees**

<b>PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014</b>											
<b>Requirements under Rule 5(1)</b>											
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. Sajiv K. Menon, Managing Director - 32.08 Mr. T. Yamaki, Director (Technical) - 5.50									
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Sajiv K. Menon, Managing Director - 117.55 % Mr. T. Yamaki, Director (Technical) (*) Key Managerial Persons : Mr. K. Muraleedharan Nair, CFO - 1.63% Mr. G.Rajesh Kurup, CS - 4.76%									
(iii)	The percentage increase in the median remuneration of employees in the financial year;	14.02%									
(iv)	The number of permanent employees on the rolls of the company;	442 permanent employees as on 31.03.2015									
(v)	The explanation on the relationship between average increase in remuneration and company performance;	Average increase in remuneration of all the employees during 2014-15 was 15.39%. This may be viewed in the backdrop of an increase in gross revenue by 25% and a post tax profit of Rs. 510.20 lakhs during the year as against a net loss of Rs. 495.92 lakhs during the previous fiscal.									
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Mr. Sajiv K. Menon, Managing Director - 117.55 % Mr. T. Yamaki, Director (Technical) (*)  The increase in remuneration of the Chief Financial Officer and Company Secretary as disclosed in para(ii) is below the increase in the median remuneration and revenue growth of the company during the year. Increase in the remuneration of the Managing Director, a new appointee w.e.f. 01.04.2014 is in par with the industry standards.									
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<table border="1"> <thead> <tr> <th></th> <th>As on 31.03.2015</th> <th>As on 31.03.2014</th> </tr> </thead> <tbody> <tr> <td>Market Capitalization (Rs. in Lakhs)</td> <td>11421.58</td> <td>8566.19</td> </tr> <tr> <td>Price Earnings Ratio (PE Ratio)</td> <td>22.38</td> <td>-</td> </tr> </tbody> </table> <p>The closing share price of the company at BSE Limited on 31.03.2015 is Rs. 125.30 per equity share of face value of Rs. 10/- each. The last public offer made during 1978-79 at Rs. 10/- per share was an issue at par.</p>		As on 31.03.2015	As on 31.03.2014	Market Capitalization (Rs. in Lakhs)	11421.58	8566.19	Price Earnings Ratio (PE Ratio)	22.38	-
	As on 31.03.2015	As on 31.03.2014									
Market Capitalization (Rs. in Lakhs)	11421.58	8566.19									
Price Earnings Ratio (PE Ratio)	22.38	-									
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average salary increase of non-managerial employees is Rs. 15.39% whereas that of Key Managerial Personnel other than the Managing Director is 2.91%.  The Managing Director, being a new appointee w.e.f. 01.04.2014, was paid salary in par with the industry standards.									

(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	Same as in (vi) above.
(x)	The key parameters for any variable component of remuneration availed by the directors;	Among the Directors, the Managing Director's salary alone includes a variable component which is based on the company's financial performance and the consolidated revenue growth. Other components of remuneration are not variable during a particular year.
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	The Managing Director is the highest paid director. During the financial year 2014-15, no employee received remuneration higher than that of the Managing Director.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid by the company during the financial year 2014-15 is as per the Remuneration policy of the Company.
	(*Not applicable since there was no position as Director (Technical) in the previous financial year)	

Kochi  
09.05.2015

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

## ANNEXURE - V

### Form AOC-2

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

1. Details of contracts or arrangements or transactions not at arm's length basis  
NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
  - a) Name(s) of the related party and nature of relationship
    - i) Nitta Gelatin Inc. - Enterprise having substantial interest in the Company
    - ii) Nitta Gelatin NA Inc -Subsidiary of Nitta Gelatin Inc.
    - iii) Nitta Gelatin Canada Inc - Subsidiary of Nitta Gelatin Inc.

- iv) Bamni Proteins Ltd. - Subsidiary Company
- v) Reva Proteins Ltd - Subsidiary Company
- b) Nature of contracts / arrangements / transactions
  - Sales / purchase of materials
  - Availing or rendering of services
- c) Duration of contracts / arrangements / transactions : April 2014 to March 2015
- d) Salient terms of the contracts or arrangements or transactions including the value, if any.  
Refer Note No. 2.26 on accounts
- e) Date(s) of approval by the Board, if any: 2.8.14, 13.11.14, 3.2.15 and 9.5.15
- f) Amount paid as advances, if any: Reva Proteins Ltd. - Rs. 369.99 lakhs

Kochi  
09.05.2015

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

## ANNEXURE VI

### REMUNERATION POLICY

Nitta Gelatin India Limited (hereinafter referred as the 'Company') wants adherence to a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with emphasis on transparency - all for creation of maximum value for the stakeholders. In that direction, a Remuneration Policy is evolved, which also has to meet the prevalent legal requirements. The Company had already constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

### BRIEF OVERVIEW UNDER COMPANIES ACT 2013 AS AGAINST FACTS OF OUR CASE

#### {Section 178 and Companies [Meetings of Board and its Powers] Rules 2014}

1. It is worthwhile considering the company law provisions on constitution of Nomination and Remuneration Committee, its powers and the law bearing on formulation of the Remuneration Policy.

2. Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.
3. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
4. The Nomination and Remuneration Committee does formulate the criteria for determining qualifications, positive attributes and independence of a director recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and senior management personnel meaning thereby employees of the company who are members of core management excluding Board of Directors. This would comprise all members of

management one level below the Executive Directors, including all functional heads.

5. The Remuneration policy to ensure that:—
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel as are herein referred at (4) above of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to Whole-time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Such policy shall be disclosed in the Board's report.

#### **BRIEF OVERVIEW OF THE REVISED CLAUSE 49 OF LISTING AGREEMENT**

#### **IV. Nomination and Remuneration Committee**

- A. The company to have a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.
- B. The role of the committee shall, *inter-alia*, include the following:

Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

Formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### **PRESENT POSITION OF DIRECTORS AND KMP OF THE COMPANY**

At present there are ten directors on the Board of which five (5) are Non-Executive and Independent; two directors of whom one is the part-time Chairman, are the nominees of the financial institution who has equity participation as a joint venture partner; one director is a nominee of foreign equity partner, and the remaining two (2) are Executive Directors, being the Managing Director, and a Director(Technical)

#### **Key Managerial Personnel:**

- i) Managing Director / Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed from time to time.

**Senior Management Personnel:** Employees of the company who are members of core management excluding Board of Directors. This would comprise all members of management one level below the Executive Directors, including all functional heads.

#### **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

to evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them. Selection of related persons whether or not holding place of profit in the Company to be carried out strictly on merit and where applicable, be subjected to review by the Audit Committee of and/or the Board with approval at each stage being obtained by disinterested Independent Directors only.

Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.

Formulation of criteria for evaluation of Independent Directors and the Board.

Devising a policy on the Board diversity.

Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors as and when required, or as may be permissible by laws applicable.

Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits if any, payable to the Non- Executive Directors.

Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

### **FOR APPOINTMENT OF KMP/SENIOR MANAGEMENT**

To possess the required qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.

To practice and encourage professionalism and transparent working environment.

To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

To adhere strictly to code of conduct.

### **POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL:**

To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

No director / KMP/ other employee is involved in deciding his or her own remuneration.

The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.

It is to be ensured that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

Following criteria are also to be considered

Responsibilities and duties;  
Time and efforts devoted;  
Value addition;  
Profitability of the Company and growth of its business;  
Analyzing each and every position and skills for fixing the remuneration yardstick;

- Standards for certain functions where there is a scarcity of qualified resources.
- Ensuring tax efficient remuneration structures.
- Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
- Other criteria as may be applicable.

Consistent application of remuneration parameters across the organisation.

Provisions of law with regard making payment of remuneration, as may be applicable, are complied.

Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

### **REVIEW**

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.

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

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup>  
MARCH,2015.

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

To

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nitta Gelatin India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March,2015 complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March,2015 according to the provisions of :

- (i) The Companies Act,2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts(Regulation) Act,1956 (SCRA) and the Rules made thereunder;

(iii) The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act,1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 (SEBI Act) :-

(a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations,2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations ,1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008 **(Not applicable to the Company during audit period)**;

(f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations ,1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange board of India (Delisting of Equity shares) Regulations,2009;and

(h) The Securities and Exchange Board of India (Buy back of Securities ) Regulations ,1998 **(Not applicable to the Company during audit period)**;

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

- (i) Secretarial Standards issued by the



Institute of Company Secretaries of India **(Not applicable since the standards are not notified during the audit period)**

- (ii) The listing agreements entered into by the company with BSE Limited, Mumbai.

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

1. Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Rules and MCA General Circular No.14/2014 dated 09.06.2014, the appointment of Independent Directors under the Companies Act, 2013 ought to have been made before 31st March, 2015. But the Company had not appointed Independent Directors at the General Meeting on or before the said date. Nevertheless, the Company at their Board Meeting had appointed Additional Directors meeting the criteria of Independence in the category of Independent Director within the said date and issued notice for Extra Ordinary General Meeting for the appointment of Independent Directors which was only held on 17th April, 2015.
2. Pursuant to Section 158 of the Companies Act, 2013 every person or company, while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number(DIN) in such return, information or particulars in case such return, information or particulars relate to the director or contain any reference of any director. But DIN Nos of the Directors are not mentioned in the AGM Notice dated 09/05/2014, Directors' Report and Financial Statements and Resolutions filed with Registrar of Companies.
3. The Company's Memorandum and Articles of Association should be amended in order to align with the Companies Act, 2013. This is more specifically required since the Board of Directors had approved increase of Authorised capital at their meeting held on 20.03.2015 and issued notice for the Extra Ordinary General Meeting for approval of the shareholders for the alteration of MOA and AOA. Consequently, the Shareholders at the EGM held on 17.04.2015 had approved the same. Hence, considering Section 5(9) of the Companies Act, 2013 too, the Company is advised to immediately amend the MOA and AOA in order to align with the Companies Act, 2013.
4. There was delay of 54 days in filing Form CHG-1 for the modification of Charge ID 90016886 in connection with the enhancement of working capital limit of Rs 487100000 to Rs 547100000 by the State Bank of India .
5. The Clause 47 (C) Certificate for the half year ended 31.03.2014 pursuant to Listing Agreement stated that the Company had delivered Debenture Certificate within 15 days under transfer but in reality the Company had not issued any Debentures. The Clause 47 (C) Certificate for the half year ended 30.09.2014 shows the period as 01.03.2014 to 31.08.2014, which does not reflect the status of transfer during the month of September, 2014.
6. Pursuant to Clause 54 of the Listing Agreement, even though the Company is maintaining functional web site, certain elements like Shareholding Pattern, Compliance with Corporate Governance, Financial Information, Contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/or their associates, if any are not posted in the Web site of

*the Company, regularly.*

I further report that based on examination of the relevant records, documents and information received the Company has complied with the following other laws as may be applicable specifically to the Company

(a) Petroleum Act, 1934 read with Rules 1976

(b) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.

(c) Food Safety Standards Act, 2006.

(d) The Kerala Municipality Laws and Rules.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executive Directors and Independent Directors subject to point (1) supra. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except that

*(i) Form DIR-12 was filed after 40 days from the date of change in designation of Mr Takeo Yamaki as Whole Time Director*

*(ii) Form DIR-11 was filed after 52 days from the date of resignation of Mr Yoshifumi Matsumoto, Nominee Director*

*(iii) Form DIR-12 was filed after 267 days from the date of appointment of Mr Keiji Suzuki as Alternate Director to Mr. N. Soga.*

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions are carried through majority, while dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law, environmental laws and Rules, Regulations, and Guidelines except that *the Company is taking apprentices pursuant to the provisions of the Apprentices Act, 1961 but on examination and the information received, has not found any Contract of apprenticeship sent by the Company to the apprenticeship advisor for registration. Further, the Company is not notifying the vacancies to employment exchanges as prescribed in Section 4 of the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 read with Rule 5 and consequently, the Company has not furnished quarterly returns in Form No.ER-1, Biennial return in Form ER-II to local employment exchanges as prescribed in Rule 6 made under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.*

Abhilash N.A

Place: Kochi                      Practicing Company Secretary  
Date: 09.05.2015                      M.No.22601;C.P No.14524

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

**Annexure A**

To

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

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

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

Abhilash N.A

Place: Kochi                      Practicing Company Secretary  
Date: 09.05.2015                      M.No.22601;C.P No.14524

## ANNEXURE VIII

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2015**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

(i)	CIN	L24299KL1975PLC002691
(ii)	Registration Date	30.04.1975
(iii)	Name of the Company	Nitta Gelatin India Limited
(iv)	Category/Sub Category of the Company	Public Company Limited by shares
(v)	Address of the Registered office and contact details	50/1002,Panampilly Nagar,Ernakulam,Kochi-682 036 0484 2317805,3099444
(vi)	Whether listed company Yes/No	Yes, BSE Limited
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd, Subramanian Building, 1,Club House Road,Chennai-600002 Tamilnadu Tel:044-28460390,Fax: 044-28460129 E mail: cameo@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

SN	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Manufacturing Ossein/Ossein(Limed)	20119	22.10
2	Manufacturing Dicalcium Phosphate	20295	16.30
3	Manufacturing Gelatin	20295	51.24

\*As per National Industrial Classification Code 2008

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

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

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

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	2862220	Nil	2862220	31.53	2862220	Nil	2862220	31.53	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(1)</b>	<b>2862220</b>	<b>Nil</b>	<b>2862220</b>	<b>31.53</b>	<b>2862220</b>	<b>Nil</b>	<b>2862220</b>	<b>31.53</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRI(s) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	3900300	Nil	3900300	42.96	3900300	Nil	3900300	42.96	Nil
d) Banks/FI's	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(2)</b>	<b>3900300</b>	<b>Nil</b>	<b>3900300</b>	<b>42.96</b>	<b>3900300</b>	<b>Nil</b>	<b>3900300</b>	<b>42.96</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>6762520</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>6762520</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	691	3548	4239	0.05	691	3548	4239	0.05	Nil
b) Banks / FI	Nil	6332	6332	0.07	Nil	6332	6332	0.07	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.12</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.12</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	154949	9597	164546	1.81	229123	9597	238720	2.63	0.82
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1510010	214381	1724391	18.99	1482914	207073	1689987	18.61	0.38
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	282232	Nil	282232	3.11	247075	Nil	247075	2.72	0.39

c) Others (specify)									
Non Resident Indians	36030	3197	39227	0.43	22821	1864	24685	0.27	0.16
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	15955	Nil	15955	0.18	6259	Nil	6259	0.07	0.11
HUF	79652	66	79718	0.88	99277	66	99343	1.09	0.21
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(2):-</b>	<b>2078828</b>	<b>227241</b>	<b>2306069</b>	<b>25.40</b>	<b>2087469</b>	<b>218600</b>	<b>2306069</b>	<b>25.40</b>	<b>Nil</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2079519</b>	<b>237121</b>	<b>2316640</b>	<b>25.50</b>	<b>2088160</b>	<b>228480</b>	<b>2316640</b>	<b>25.52</b>	<b>0.02</b>
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>8842039</b>	<b>237121</b>	<b>9079160</b>	<b>100</b>	<b>8850680</b>	<b>228480</b>	<b>9079160</b>	<b>100</b>	<b>Nil</b>

## ii) Shareholding of Promoters-

SI No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-April-2014)			Share holding at the end of the year (As on 31-March-2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Nitta Gelatin Inc.	3900300	42.96	Nil	3900300	42.96	Nil	Nil
2	Kerala State Industrial Development Corporation	2862220	31.53	Nil	2862220	31.53	Nil	Nil
	<b>Total</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>	<b>Nil</b>

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

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

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Equity Intelliigence India Private Limited				
	At the beginning of the year	Nil	Nil		
	Changes during the year				
	Date Reason				
	17.10.14 Buy	50,000	0.55	50,000	0.55
	24.10.14 Buy	11,000	0.12	61,000	0.67
	At the end of the year			61,000	0.67
2	Sanjay R Mantri				
	At the beginning of the year	347	0		
	Changes during the year				
	Date Reason				
	23.05.14 Buy	20000	0.22	20347	0.22
	20.06.14 Sell	400	0.00	19947	0.22
	30.06.14 Sell	5600	0.06	14347	0.16
	04.07.14 Sell	270	0.00	14077	0.16
	11.07.14 Buy	200	0.00	14277	0.16
	18.07.14 Buy	730	0.01	15007	0.17
	08.08.14 Sell	400	0.00	14607	0.16
	22.08.14 Sell	260	0.00	14347	0.16
	05.09.14 Sell	2500	0.02	11847	0.13
	12.09.14 Sell	2000	0.02	9847	0.11
	24.10.14 Sell	500	0.00	9347	0.10
	07.11.14 Sell	4000	0.05	5347	0.05
	12.12.14 Sell	5000	0.05	347	0.00
	31.12.14 Buy	10000	0.11	10347	0.12
	09.01.15 Sell	7500	0.08	2847	0.02
	06.02.15 Buy	2500	0.02	5347	0.05
	27.02.15 Buy	1269	0.01	6616	0.06
	06.03.15 Buy	10000	0.11	16616	0.18
	13.03.15 Buy	10000	0.11	26616	0.29
	27.03.15 Sell	1000	0.01	25616	0.28
	31.03.15 Buy	1000	0.01	26616	0.29
	At the end of the year			26616	0.29
3.	Japa Investment Advisor LLP				
	At the beginning of the year	26268	0.29		
	Changes during the year	NO CHANGES		26268	0.29
	At the end of the year			26268	0.29
4	Indian Syntans Investment Private Limited				
	At the beginning of the year	26666	0.29		
	Changes during the year				
	Date Reason				
	14.11.14 Sell	500	0.01	26166	0.29
	At the end of the year			26166	0.29

5.	SaliniToppo				
	At the beginning of the year	25985	0.29		
	Changes during the year				
	Date Reason				
	02.05.14 Sell	1000	0.01	24985	0.28
	09.05.14 Sell	1092	0.01	23893	0.26
	At the end of the year			23893	0.26
6.	Chanda Devi Ramgopal Ranga				
	At the beginning of the year	5991	0.07		
	Changes during the year				
	Date Reason				
	12.09.14 Buy	101	0.00	6092	0.07
	30.09.14 Buy	347	0.00	6439	0.07
	17.10.14 Buy	350	0.00	6789	0.07
	24.10.14 Buy	1700	0.02	8489	0.09
	12.12.14 Buy	100	0.00	8589	0.09
	16.01.15 Buy	500	0.01	9089	0.10
	23.01.15 Buy	901	0.01	9990	0.11
	30.01.15 Buy	850	0.01	10840	0.12
	06.02.15 Buy	225	0.00	11065	0.12
	13.02.15 Buy	935	0.01	12000	0.13
	20.02.15 Buy	142	0.00	12142	0.13
	06.03.15 Buy	8	0.00	12150	0.13
	13.03.15 Buy	2100	0.02	14250	0.15
	20.03.15 Buy	1700	0.02	15950	0.17
	27.03.15 Buy	550	0.01	16500	0.18
	31.03.15 Buy	4022	0.04	20522	0.22
	At the end of the year			20522	0.22
7.	Anil Kumar Garg				
	At the beginning of the year	20000	0.22		
	Changes during the year	NO CHANGES		20000	0.22
	At the end of the year			20000	0.22
8	Kanak Garg				
	At the beginning of the year	20000	0.22		
	Changes during the year	NO CHANGES		20000	0.22
	At the end of the year			20000	0.22
9.	Santosh Haribhau Chaudhari				
	At the beginning of the year	20000	0.22		
	Changes during the year	NO CHANGES		20000	0.22
	At the end of the year			20000	0.22
10.	Govindbhai Baldev Desai				
	At the beginning of the year	18666	0.21		
	Changes during the year	NO CHANGES		18666	0.21
	At the end of the year			18666	0.21



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

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

b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
10	Karuvath Ramakrishnan				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
11	Dr.Naotoshi Umeno				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	52,76,30,776	Nil	Nil	52,76,30,776
ii) Interest due but not paid	6,30,996	Nil	Nil	6,30,996
iii) Interest accrued but not due	-	Nil	Nil	-
<b>Total (i+ii+iii)</b>	<b>52,82,61,772</b>	<b>Nil</b>	<b>Nil</b>	<b>52,82,61,772</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	Nil	Nil	Nil
* Reduction	23,71,067	Nil	Nil	23,71,067
<b>Net Change</b>	<b>23,71,067</b>	<b>Nil</b>	<b>Nil</b>	<b>23,71,067</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	52,51,01,101	Nil	Nil	52,51,01,101
ii) Interest due but not paid	7,12,496	Nil	Nil	7,12,496
iii) Interest accrued but not due	77,108	Nil	Nil	77,108
<b>Total (i+ii+iii)</b>	<b>52,58,90,705</b>	<b>Nil</b>	<b>Nil</b>	<b>52,58,90,705</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director and Whole-time Director**

(In Rs)

SN	Particulars of Remuneration	Name of MD- Shri Sajiv K. Menon	Name of WTD- Shri Takeo Yamaki	Total Amount
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,06,75,014	15,08,164	1,21,83,178
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	3,22,107	3,22,107

	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>1,06,75,014</b>	<b>18,30,271</b>	<b>1,25,05,285</b>
	Ceiling as per the Act			1,00,27,194

**B. Remuneration to other directors**

(In Rs)

SN.	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	Kumarapanicker Lalitha Kumar	Karunakaran Nair Appukuttan	Radha Unni		Naotoshi Umeno		
	Fee for attending board committee meetings	2,40,000	2,60,000	70,000		10,000		580,000
	Commission	0	0	0		0		
	Others, please specify	0	0	0		0		
	<b>Total (1)</b>	<b>2,40,000</b>	<b>2,60,000</b>	<b>70,000</b>		<b>10,000</b>		<b>580,000</b>
2	Other Non-Executive Directors	Pullukottayil Habel Kurian	Beena Mahadevan	T.P Thomaskutty	Karuvath Ramakrishnan	Norimichi Soga	Keiji Suzuki	Total Amount
	Fee for attending board committee meetings	40,000	20,000	70,000	1,30,000	0	0	2,60,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	<b>Total (2)</b>	<b>40,000</b>	<b>20,000</b>	<b>70,000</b>	<b>1,30,000</b>	<b>0</b>	<b>0</b>	<b>2,60,000</b>
	<b>Total (B)=(1+2)</b>	<b>2,80,000</b>	<b>2,80,000</b>	<b>1,40,000</b>	<b>1,40,000</b>	<b>0</b>	<b>0</b>	<b>8,40,000</b>
	<b>Total Managerial Remuneration(A+B)</b>							<b>1,33,45,285*</b>
	<b>Overall ceilings as per the Act</b>							1,00,27,194

\*includes sitting fee

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

(In Rs)

SI No	Particulars of Remuneration	Key Managerial Personnel other than MD/Manager/WTD		Total
		Company Secretary (Rajesh Gopalakrishnan Kurup)	CFO (Krishna Panicker Muraleedharan Nair)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,64,262	16,38,502	28,02,764
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil

4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>11,64,262</b>	<b>16,38,502</b>	<b>28,02,764</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board of Directors,

Kochi  
09.05.2015

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

Gelatin and its derivative Collagen Peptide find applications across several industries including food and beverages, pharmaceutical, nutraceutical, cosmeceutical, photography, etc. Gelatin is one of the key excipients utilized in pharmaceutical and medical applications. 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. Against the aforesaid background, the global Gelatin market is expected to witness a CAGR of 6.75% between 2012 to 2017 i.e., from 3.71 lakh MT in 2012 to 5.14 lakh MT by 2017.

Your Company, with decades of expertise in catering to the global Gelatin market enriched with the support and guidance of the Japanese collaborator, M/s. Nitta Gelatin Inc., Japan, the leading Gelatin manufacturer, stands in an enviable position in terms of its potential to successfully operate in this emerging market scenario.

### SEGMENT-WISE PERFORMANCE

During the year under review, with the situation at Ossein Division getting further normal, the Company could improve sales volumes of all its products. Selling prices also, both in the domestic and export markets strengthened except in the case of DiCalcium Phosphate where there has been drop in price by 9% as compared to previous fiscal, 2013-14.

#### Exports

Your Company maintained its prominence in the niche overseas markets. Export of Ossein during the year could be increased to 4624 MT (4453 MT) of normal Ossein and 306 MT (240 MT) of Limed Ossein. Export of DCP during 2014-15 was 430 MT as against 301 MT during 2013-14.

The volume of export of Gelatin for the year 2014-15 was 1764 MT as against 1640 MT during the previous year. Export of Collagen Peptide during the year under review was 142 MT against 129 MT for 2013-14. Export of Chitosan during 2014-15 was only 3.07 MT during the year as against 6.92 MT during the previous fiscal. Average USD / INR exchange rate for the year 2014-15 was 60.69 as against 59.97 for 2013-14, which was conducive for exports.

### Domestic

The volume of domestic sale of Gelatin, Collagen Peptide and Di-Calcium Phosphate during 2014-15 has shown a clear improvement over the previous year. Sales of Gelatin - 1906 MT (1248 MT), Collagen Peptide - 225 MT (138MT) and Di-Calcium Phosphate - 19309MT (16487 MT) remained robust during the year.

### Opportunities and threats

With the increase in awareness among people regarding healthy and nutritious diet and increasing disposable income, the demand for energy drinks and processed food is expanding, which in turn is fueling the demand for gelatin as a supplement. Nitta Gelatin Group's focus to be the number one player in Asia is aligned with the needs of emerging economies in Asian countries especially South East Asian countries, where the demand for Halal Gelatin is growing. Asia Pacific is expected to be the fastest growing regional market. The health awareness among consumers, coupled with growing application industries in the region, innovating different convenient delivery formats for all age groups, is expected to boost the demand for gelatin over the next six years. The demand in North America is expected to be driven by demand in applications such as nutraceuticals and cosmeceuticals. The slowdown witnessed in 2013-14 in omega-3 demand in North America should see some positive trend during the period with campaigns by industry coalition educating the consumers. These are the primary markets your company is focusing on.

There is an emerging preference 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 product. Such increased demand for plant based HPMC capsules and entry of seaweeds based Softgels will continue to pose a threat to Gelatin based capsule industry in the long run. Currently technology is being developed for these raw materials to improve its performance and productivity. There are however clear advantages in the efficacy of Gelatin as a pure protein source which would help retain its position as the predominant raw material for such applications.

Pricing is one of the important factors that impact the market on a global as well as regional level.

Depreciating Euro currency and surplus availability of Pork Skin Gelatin would offer stiff competition in the coming year. As all gelatin manufacturers are returning to normal production levels, the supply is also going to add in bovine gelatin segment too. Your company is embarking on a number of cost optimization measures to retain its competitive edge.

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 seasonal variations, meat consumption pattern reflecting global economic conditions as well as changes in supply - demand dynamics driven by regulations governing food processing and distribution in response to various animal epidemics and other factors. Further increase in crushed bone prices can adversely affect the operating results and financial position of both the Gelatin and Collagen Peptide business.

### Outlook

The long term outlook is promising due to a growing middle class population, an increased consumption of nutritional supplements in the developed/developing world and increased health consciousness, nutrition and ageing awareness besides food habits.

The global empty capsules market is estimated to be worth \$1.3 billion in 2014 and is expected to grow at a moderate CAGR during the forecast period of 2014 to 2019. This market is mainly driven by a growing ageing population, increasing therapeutic applications of capsules in pharmaceutical, nutraceutical, and cosmetic industries and technological advancements in drug delivery formulations. Moving up the value chain beyond generics, Indian Pharma industry is accelerating its growth to the next level. In 2015, growth is expected to remain healthy, as the improving economic factors allow more spending on healthcare. Under the 'Make in India' and "Sell Anywhere in The World" initiative, it is expected that the government will introduce many industry-friendly policies and incentives to give a major thrust to the growth of Indian pharmaceutical industry to make it a formidable force globally.

Global industry experts predict that the nutricosmetics market will reach \$4.7 billion by 2020- with collagen being a big driver. Significant demand is projected in Asia with rapid growth continuing, with new product launches containing collagen with the "beauty from within" concept. The boom experienced in Japan few years ago

is being replicated in other Asian countries with new delivery formats and formulations. In India too, the growth in using collagen hydrolysates for Osteoarthritis is almost doubling each year.

The demand for poultry products which slumped last year, is poised to grow. We have already seen demand picking up for broilers and eggs. Low Soya prices, coupled with non-availability for meat cum bone meal, will push up the demand for DCP.

Nutrigold, a secondary plant nutrient, is likely to witness slow growth owing to slow recovery of tea sector and unseasonal rains adversely affecting agriculture in India.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has adequate internal control systems in place 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 its assets. 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. Based on the report of internal audit, process owners undertake corrective action in their respective areas and thereby strengthen their controls. The minutes of the Audit Committee are reviewed by the Board of Directors as well. The Board is of the view that appropriate procedures and controls are operating and monitoring procedures are in place.

## FINANCIAL PERFORMANCE

As explained in the Directors' Report, the gross revenue from operations has increased by 25% during the year as compared with previous year to touch an all time high of Rs. 371.80 crores. Improvement in sales realization achieved for all the products (except Di-Calcium Phosphate), favourable exchange rate movements and the higher production / sales volumes achieved during the year have contributed to this quantum spurt in revenue. But for factors totally beyond the control of the Company such as the dip in the prices of Di-Calcium Phosphate by 9% (previous year 1%) and the decline in demand for medium bloom Gelatin for soft capsule application in the global markets, the growth in revenues would have been even better.

Crushed bone scenario, ie. availability, quality and the increase in price during the year was much beyond what could be absorbed by the market. Crushed bone prices have registered an increase of 22% (previous year 23%) during the year on account of which the conversion margin on raw material to finished products has come down by 4.81% during the year. However the Company, through close monitoring and supervision could control its fixed expenses such as factory overheads, security expenses etc. thereby containing the adverse impact of the decline in conversion margins. Improvement in production / sales volumes has also contributed significantly in maintaining the profitability for the year. Interest on term loans availed for capital projects worked out to Rs. 1.47 crores as against Rs. 0.27 crores during the previous fiscal. Income tax for the year 2014-15 is provided at MAT rate.

Despite the challenges in managing the crushed bone scenario as above, your Company could earn a post tax net profit of Rs. 510.20 lakhs during the year as against a post tax net loss of Rs. 495.92 lakhs during 2013-14.

The basic and diluted earnings per share was Rs. 5.62 for the year 2014-15.

## 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:-

1. Institutional learning programmes for selected management level personnel.
2. Exclusive in-house training department for assessing and imparting the training needs.
3. Extensive on the job training at our collaborator's factory in Japan to select employees.

As on 31<sup>st</sup> March, 2015 the total permanent employee strength of the company was 442.

## 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, economic developments and other factors such as litigation and industrial relations, foreign exchange rate fluctuations etc. The Company cannot guarantee the accuracy of assumptions and its perceived performance for the future.

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

For and on behalf of the Board of Directors,

SAJIV K. MENON  
MANAGING DIRECTOR  
(DIN:00168228)

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

## 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, buyers, other customers and employees. The company is committed to attain high standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

### 2. BOARD OF DIRECTORS

#### Composition

The present strength of the Board is ten. The

Board has a combination of Executive and Non-Executive Directors who are eminent professionals in their respective fields with wide range of skills and experience. They are drawn from amongst persons with proven track record in business/finance/public enterprises.

#### Number of Board Meetings held during the year along with the dates of the meetings.

Six (6) Board meetings were held during the year 2014-15 on 09.05.2014, 11.07.2014, 02.08.2014, 13.11.2014, 03.02.2015, and 20.03.2015.

The composition and attendance at the Board Meetings and Annual General Meeting during the financial year and the other Directorships/Committee Memberships in other Indian Companies as on 31.03.2015 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	Yes	-	18	-	-
2.	Dr. M. Beena IAS, Nominee and Managing Director of KSIDC, (nominated as DIRECTOR w.e.f. 11.12.2014)	Non-Executive	Nil	2	No	-	8	-	-
3.	Mr. N. Soga, Nominee of Nitta Gelatin Inc. (Appointed w.e.f. 14.05.2005)	Non-Executive	Nil	2	Yes	Director and Chairman, Nitta Gelatin Inc., Japan, Director, Nitta Gelatin NA Inc., USA	-	-	-
3A	Mr. K. Suzuki (Nominee of Nitta Gelatin Inc.) ALTER-NATE DIRECTOR TO MR. N. SOGA (Appointed w.e.f. 09.11.2013)	Non-Executive	Nil	2	No	-	-	-	-
4.	Mr. Takeo Yamaki (Nominee of Nitta Gelatin Inc.) (Appointed w.e.f. 11.05.2009)	Executive Director (Technical), Whole time director	Nil	6	Yes	General Manager, Nitta Gelatin Inc., Japan	1	1	-



4A.	Mr.Yoshifumi Matsumoto (Nominee of Nitta Gelatin Inc.) (Ceased w.e.f 13.11.2014)	Non-Executive	Nil	1	No	General Manager, Finance Dept, Nitta Gelatin Inc, Japan	-	-	-
5.	Mr.K. Ramakrishnan (Appointed w.e.f. 16.04.1997)	Non-Executive -Independent	Nil	5	Yes	-	-	-	-
6.	Mr. A.K. Nair (Reappointed as Director w.e.f. 13.11.2014) [See Note 2.04]	Non-Executive -Independent	66	6	Yes	Director, Strides Acrolab Ltd., Bangalore	10	8	-
7.	Mr.K.L.Kumar (Reappointed as Director w.e.f. 13.11.2014) [See Note 2.04]	Non-Executive -Independent	Nil	6	Yes	Director, Reva Proteins Ltd.	1	1	-
7A	Mr. T.P. Thomaskutty (Nominee of KSIDC) (Ceased w.e.f. 11.12.2014)	Non-Executive	Nil	3	No	-	7	-	-
8	Mrs. Radha Unni (Reappointed w.e.f.11.07.2014 ) [See Note 2.04]	Non-Executive -Independent	Nil	4	No	-	4	2	-
9	Dr. Naotoshi Umeno (Appointed w.e.f.13.11.2014 )(See Note 2.04)	Non-Executive - Independent	Nil	1	No	-	-	-	-
10.	Mr. Sajiv K. Menon (appointed as Managing Director w.e.f 01.04.2014)	Executive Managing Director	Nil	6	Yes	Chairman, Bamni Proteins Ltd., Chairman Reva Proteins Ltd.	2	-	-

- 2.01 The number of Directorships shown includes Directorships in Private companies also. As such it is within the limit prescribed under Section 165 of the Companies Act, 2013.
- 2.02 Includes only Audit Committee and Stakeholders Relationship Committee
- 2.03 The Directors have no inter-se relationship, whatsoever
- 2.04 As per Clause 49 of the Listing Agreement since the company has a regular Non-Executive Chairman who is a nominee of a promoter at least one half of the Board of Directors of the company shall consist of Independent Directors. Accordingly the requisite number of Independent Directors at any point of time during the year was five. Mr P.H.Kurian and Mr T.P.Thomaskutty (nominees of promoters KSIDC) together with Mr K.Ramakrishnan, Mr A.K.Nair, Mr K.L.Kumar were serving as the Independent Directors of the company from commencement of the current financial year. Mrs Radha Unni who was appointed as Additional Director on 11th July 2014 and meets the prescribed criteria of Independence has also been categorised as an Independent Director. Pursuant to introduction of revised Clause 49 of the Listing agreement with effect from 1st October 2014, Mr P.H.Kurian and Mr T.P.Thomaskutty being nominee directors ceased to be Independent Directors. Dr Naotoshi Umeno who was appointed as Additional Director on 13th November 2014 and being eligible has been categorised as an Independent Director by the company.

As per the above position, the company had the requisite number of Independent Directors on the Board for the period from 1st April 2014 till 30th September 2014 and thereafter from 13th November 2014 till 31st March 2015. The shortfall of one Independent Director during the period from 1st October 2014 till 12th November 2014 was caused due to the technical difficulties in immediately complying with the requirements of the revised Clause 49.

Subsequent to the year end, at an Extra Ordinary General Meeting held on 17th April 2015 the company has formally appointed Mr A.K.Nair, Mr K.L.Kumar Mrs Radha Unni and Dr Naotoshi Umeno as Independent Directors and also issued the letter prescribed under Section 149 of the Companies Act 2013 (read with Schedule IV and applicable rules) with effect from the said date.

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

None of the Directors are disqualified under Section 164 of the Companies Act, 2013. 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.

## Board Profile

### a. Mr. P. H. Kurian, IAS

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

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

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

### c. Mr. Takeo Yamaki, Director (Technical)

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

### d. Dr. M. Beena IAS

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

### e. Mr. Norimichi Soga

He is now the Director and Chairman of Nitta Gelatin Inc, Japan, a world leader in Gelatin Industry.

Mr. Keiji Suzuki, General Manager, Nitta Gelatin Inc. Japan, acts as an Alternate Director to Mr. Norimichi Soga.

### f. Mr. K. Ramakrishnan

A very senior Banker, he was Deputy Managing Director, State Bank of India and Managing Director, State Bank of Travancore. He had a very long tenure as Director of NGIL spanning around 17 years, also acted as Chairman of Audit Committee and as an Independent Director of the Company.

### g. Mr. A. K. Nair

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

### h. Mr. K. L. Kumar

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

### i. Mrs. Radha Unni

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

## **j. Dr. Naotoshi Umeno**

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

### **Separate Meeting of the Independent directors**

Pursuant to Clause 49 of the listing agreement and Schedule IV of the Companies Act, 2013 the independent directors of the company had held one meeting in the year on 20.03.2015 without the attendance of Non-Independent directors and members of the management. The meeting reviewed the performance of the non-independent directors and the Board as a whole, the performance of the chairman of the Board and assessed the quality quantity and timeliness of flow of relevant information between the management and the Board.

### **Familiarisation Programme - (Independent Directors)**

The Company has fully recognized the need of keeping the Directors especially the Independent Directors (ID) abreast of the changes in the corporate sector, be it any new trends and mandates in Corporate Governance practices, or the governing legal provisions in the corporate law. In that direction, the company has, at the time of appointment of Independent Directors at the recently held Extraordinary General Meeting issued them formal letters of appointment which explains the role, function, duties and responsibilities expected of them as Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013, Clause 49 of Listing Agreement and his affirmation taken in respect of the same. The Company wishes to follow this up with required training for the Directors in relevant disciplines. The details of the familiarization programme for independent directors are available on the website of the company [www.gelatin.in](http://www.gelatin.in).

## **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 amend-

ment 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. A.K. Nair Mr.K.L.Kumar and Mr. T. P. Thomaskutty, Directors, was later-on reconstituted with the inclusion of Mrs. Radha Unni, Director in place of Mr. T. P. Thomaskutty. Mr.K.Ramakrishnan, former Managing Director of State Bank of Travancore with vast knowledge and experience in accounts and finance, was till recently the Chairman of the Audit Committee. He has been replaced by Mrs. Radha Unni as the Chairperson of the Committee on 20th March 2015 . The terms of reference of the Audit Committee sufficiently covers the requirements of Section 177 of the Companies Act, 2013 and 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. Mr.G.Rajesh Kurup, Company Secretary, acts as the Secretary of the Committee, as envisaged under law.

Six Audit Committee Meetings were held during the financial year 2014-15, the dates of which are 09.04.2014, 08.05.2014, 01.08.2014, 13.11.2014, 03.02.2015 and 20.03.2015 . The attendance of members is as follows:

Name of Directors	Category	No. of meetings attended
Mr. K. Ramakrishnan	Chairman (5)	5
Mr. A.K.Nair	Member	6
Mr. K.L.Kumar	Member	6
Mrs. Radha Unni	Chairperson (1) Member (1)	2
Mr. T.P. Thomaskutty*	Member	3

\* Mr TP Thomaskutty ceased to be director w.e.f 11.12.2014

Mr.K.Ramakrishnan, as Chairman of the Audit Committee, was present at the Annual General Meeting of the Company, held on 11.07.2014 to answer shareholder queries.

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

The Nomination and 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 include remuneration and terms and conditions of appointment of Executive Directors and Senior Management Personnel. During 2014-15, the Nomination and Remuneration Committee held four meetings on 08.05.2014, 11.07.2014, 13.11.2014 and 20.03.2015

The Remuneration Policy is directed towards rewarding 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 financial year 2014-15

Name	Salary Rs.	PF Rs.	Incentive Rs.	Other Benefits Rs.	Total Rs.
Executive Directors:					
(a) Managing Director					
Mr. Sajiv K. Menon	63,83,772	3,60,000	16,50,000	26,41,242	1,10,35,014
(b) Whole Time Director:					
Mr. Takeo Yamaki	14,05,742	-	-	4,55,737	18,61,429

## Non Executive Directors

Details of remuneration for the financial year 2014-15

Name	Sitting fees Rs.
Mr. P.H.Kurian IAS	40,000
Mr. M. Beena, IAS	20,000
Mr. K. Ramakrishnan	1,30,000
Mr. A.K. Nair	2,60,000
Mr. K.L.Kumar	2,40,000
Mrs. Radha Unni	70,000
Mr. Naotoshi Umeno	10,000
Mr. T.P. Thomaskutty	70,000

## 5. CODE OF CONDUCT

The Board approved the Code of Conduct applicable to the Board Members and the senior management personnel of the Company at its meeting held on 30.01.2006, which was suitably modified at the meeting on 03.02.2015, for including the duties of Independent Directors. The updated Code has been posted on the website of the Company [www.gelatin.in](http://www.gelatin.in). All Board members and senior management personnel have affirmed compliance with the code and a declaration to this effect signed by the CEO is annexed to this report.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has set up a Stakeholders' Relationship 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 three non-executive Directors, Mr.A.K. Nair (Chairman), Mr. K. Ramakrishnan and Mr. K. L. Kumar as members. There was one complaint which was taken up with SEBI during the year, which was redressed and reported to the Committee at their meeting dated 20.03.2015, which also noted that the SEBI Scores has updated the redressal status.

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

Number of shareholders complaints received so far : Nil

Number not solved to the satisfaction of the shareholders Nil

Number of pending share transfers : All valid transfer requests received upto 31.03.2015 have been registered

## 7. GENERAL BODY MEETING

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

AGM	Financial Year	Day	Date	Time	Location
38th	2014	Friday	11.07.2014	10.30 AM	Fine Arts Hall, Ernakulam
37th	2013	Friday	05.07.2013	10.30 A.M	Grand Hotel Ernakulam
36th	2012	Friday	06.07.2012	10.30 AM	Grand Hotel Ernakulam

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

Date of AGM	Nature of Special Resolution
11.07.2014	1. Appointment of Mr. Sajiv K. Menon as Managing Director
	2. Approval of General Information furnished under Section II of Part II of Schedule XIII to the Companies Act, 1956.
	3. Payment of Leave Travel Concession (LTC) to Mr. G. Suseelan, erstwhile Managing Director
05.07.2013	1.Appointment of auditors and fixation of remuneration
	2. For approval of the terms and conditions of appointment of Managing Director
06.07.2012	1.Appointment of auditors and fixation of remuneration

- c) There were no postal ballots taken during the Course of the year.
- d) Approval of Shareholders shall be sought through postal ballot for aligning the Memo randum & Articles of Association with the Company Law provisions.

## 8. DISCLOSURES

- (i) 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). The company has taken omnibus approval of the Board for related party transactions. The company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions. Besides, mention is also made in the Boards Report further attaching the relevant policies as annexures thereto.
- (ii) The company has formulated a material subsidiary policy which has been disclosed in the company website. Besides, mention is also made in the Boards Report.
- (iii) 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.
- (iv) No personnel of the Company has been denied access to the Audit Committee of the Company (in respect of matters involving alleged misconduct). The company has

provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices. The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. The Company has adopted measures for airing concerns about unethical behavior, both for the Directors and employees. This has been made part of the machinery of Audit Committee and informed in the official website of the company. A mention of the same is also made in the report of the Directors.

## 9. MEANS OF COMMUNICATION

Quarterly results are published in prominent daily newspapers namely the Business Line (English) and Mangalam (Malayalam). Immediately after the approval of the Board, the financial results are submitted to BSE Limited where the shares of the Company are listed, and the same is also uploaded regularly in their web-based platform, <http://www.listing.bseindia.com>

## 10 GENERAL SHAREHOLDERS' INFORMATION

- i Annual General Meeting, date, time & venue: 08th September, 2015 at 12.00 noon at Fine Arts Hall, Ernakulam, Kochi-682016.
- ii Financial calendar : 1st April 2014 to 31st March 2015.
- iii Dates of book closure : **02.09.2015 to 08.09.2015 (both days inclusive)**
- iv Dividend payment date: (if declared at the Annual General Meeting) latest by 18.09.2015
- v The Company's Equity Shares are listed on the following Stock exchange:
- BSE Ltd.  
PhirozeJeejeebhoyTowers,  
Dalal Street,  
Mumbai - 400 001.
- The Company's shares which till recently were listed in Cochin Stock Exchange (CSE), have ceased to be listed therein consequent on they exiting from operations by reason of a SEBI Order no.WTM/RKA/MRD/163/2014 dtd 23.12.2014
- vi 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 2014 TO MARCH 2015 IS GIVEN BELOW.

Year	Month	NGIL		BSE SENSEX	
		High Price	Low Price	High Price	Low Price
2014	April	112.5	90	22,939.31	22,197.51
	May	111.7	86	25,375.63	22,277.04
	June	174.9	98	25,725.12	24,270.20
	July	165.6	124.5	26,300.17	24,892.00
	August	143	125	26,674.38	25,232.82
	September	160.65	126.1	27,354.99	26,220.49
	October	205	140	27,894.32	25,910.77
	November	208.75	177.1	28,822.37	27,739.56
	December	205.8	161	28,809.64	26,469.42

2015	January	178.7	164.4	29,844.16	26,776.12
	February	187.6	134.3	29,560.32	28,044.49
	March	147	118.1	30,024.74	27,248.45

## 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, issue of duplicate certificates and certificates after split/consolidation/renewal. The Share Transfer Committee comprised of Mr.A.K.Nair, Director as Chairman and Mr. Sajiv K. Menon, Managing Director and Mr.K.L.Kumar, Director as members. During the year, the committee held one meeting.

## 14. DISTRIBUTION OF SHAREHOLDING AND SHAREHOLDERS PROFILE

### a) Distribution of shareholding as at 31st March , 2015

No of Equity Shares held	No. of Shareholders	%age of shareholders	No. of shares held				% of shareholding
			Physical	NSDL	CDSL	Total	
1-500	5663	87.58	148261	358225	167771	674257	7.42
501-1000	439	6.78	36123	191074	90030	317227	3.49
1001-10000	345	5.34	44096	492975	416430	953501	10.50
10001 and above	19	0.30	0	6979916	154259	7134175	78.59
Total	6466	100.00	228480	8022190	828490	9079160	100.00

### b) Shareholders Profile as on 31st March , 2015

Category	No. of Shareholders	%age of shareholders	No. of shares held	% of shareholding
Resident Indians	6242	96.00	2036405	22.43
Foreign Collaborator	1	0.00	3900300	42.96
Indian Collaborator	1	0.00	2862220	31.53
Domestic Companies	122	2.00	218704	2.41
Financial Institutions	2	0.03	8200	0.09
NRIs	55	0.85	24685	0.27
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	35	1.00	24141	0.26
Total	6466	100.00	9079160	100.00

## 15. DEMATERIALISATION OF SHARES

As at 31st March, 2015, there are 88,50,680 shares, representing 97.48% of the paid-up share capital in dematerialised form. This includes 8022190 shares (88.36%) in NSDL and 8,28,490 shares ( 9.13%) in CDSL. No shares were re-materialised during the year.

xiii) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on Equity (as on 31.03.2015) - Nil

## 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:

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

## 18. DESIGNATED E-MAIL ID FOR INVESTOR COMPLAINTS/GRIEVANCE REDRESSAL - [investorcell@nittagelindia.com](mailto:investorcell@nittagelindia.com)

Note: Shareholders holding shares in electronic mode should 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(IX) at its meeting held on 09.05.2015

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

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

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

## CERTIFICATE

The Members,  
Nitta Gelatin India Limited  
Kochi-36

1. We have examined the compliance of conditions of corporate governance by Nitta Gelatin India Limited, Kochi-36 for the year ended 31.03.2015 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, subject to non-compliance of the requirements regarding appointment of independent directors as stated in under Para 2 (Note 2.04) of the Report on Corporate Governance, 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-19  
Date : 09.05.2015

For VARMA & 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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of Nitta Gelatin India Limited (“the Company”), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### Auditor’s Responsibility.

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date

### Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies

- Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
    - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors,
      - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.28, Note 2.17.1 and 2.17.2 to the standalone financial statements.
        - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA  
(FRN : 004532S)

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

Place: Kochi - 19  
Date: 09.05.2015

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2015**

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) We are informed that major items of the fixed assets of the company 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.
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 explanation 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 any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 189 of the Companies Act, 2013. Accordingly, the reporting requirements under clauses (iii) (a) and (iii) (b) of the paragraph 3 of the Order are not applicable.
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 control system.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.
7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's

State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues, as applicable to the Company with the appropriate authorities during the year.

There are no arrears of undisputed statutory dues outstanding at the last day

of the financial year for a period of more than six months from the date on which they become payable.

- (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 2015 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	804.52 (Net of Rs120.92 lakhs paid under protest)	2008-09 (AY 2009-10) to 2010-11 (AY 2011-12)	Commissioner Income Tax (Appeals)
Value Added Tax	Maharashtra Value Added Tax Act, 2002	0.58 (Net of Rs 0.11 lakhs paid under protest)	2009-10	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax	Central Sales Tax Act, 1956	349.68 (Net of Rs5 lakhs paid under protest)	2009-10	Deputy Commissioner of Sales Tax (Appeals)

- (c) According to the information and explanations given to us and the records of the Company examined by us, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder has been transferred to such fund within time.
8. 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.
9. 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.
10. 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 as at 31.03.2015. 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.
11. 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.

12. During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, and according to

the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the Management.

For VARMA & VARMA  
(FRN : 004532S)

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

Place: Kochi - 19  
Date: 09.05.2015

**NITTA GELATIN INDIA LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2015**

Particulars	Note No.	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.01	90,791,600	90,791,600
b. Reserves and Surplus	2.02	1,125,207,414	1,063,470,419
<b>2 Non-current liabilities</b>			
a. Long-term Borrowings	2.03	82,037,260	89,975,775
b. Deferred Tax Liabilities (Net)	2.04	60,811,827	36,004,000
c. Long-term Provisions	2.05	20,875,581	17,378,882
<b>3 Current Liabilities</b>			
a. Short-term Borrowings	2.06	422,062,717	427,155,001
b. Trade Payables	2.07	271,977,294	321,376,784
c. Other Current Liabilities	2.08	32,139,220	33,431,278
d. Short-term Provisions	2.09	38,147,577	24,691,153
<b>Total</b>		<b>2,144,050,490</b>	<b>2,104,274,892</b>
<b>II. ASSETS</b>			
<b>1 Non-current Assets</b>			
a. Fixed Assets	2.10		
i. Tangible Assets		770,401,487	809,713,426
ii. Intangible Assets		2,305,224	6,147,130
iii. Capital Work-in-progress		84,027,437	84,024,091
b. Non-current Investments	2.11	323,153,237	323,653,237
c. Long-term Loans and Advances	2.12	16,547,746	13,580,597
<b>2 Current Assets</b>			
a. Inventories	2.13	540,181,366	517,780,718
b. Trade Receivables	2.14	221,781,708	222,875,290
c. Cash and Cash Equivalents	2.15	16,090,671	10,271,400
d. Short-term Loans and Advances	2.16	76,302,601	60,197,627
e. Other Current Assets	2.17	93,259,013	56,031,376
<b>Total</b>		<b>2,144,050,490</b>	<b>2,104,274,892</b>

Significant Accounting Policies and Notes on Accounts

1&amp;2

For and on behalf of the Board of Directors

As per our report of  
even date attachedFor VARMA & VARMA  
(FRN: 004532S)(VIJAY NARAYAN GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 203094P. H. KURIAN IAS  
Chairman  
DIN : 00027596RADHA UNNI  
Director  
DIN : 03242769K. L. KUMAR  
Director  
DIN : 00004804SAJIV K. MENON  
Managing Director  
DIN : 00168228DR. KEIJI SUZUKI  
Director  
DIN : 02221545K. MURALEEDHARAN NAIR  
Chief Financial OfficerT. YAMAKI  
Director  
DIN : 02669053A. K. NAIR  
Director  
DIN : 00009148G. RAJESH KURUP  
Company SecretaryPlace: Kochi  
Date: 09.05.2015

**NITTA GELATIN INDIA LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

Particulars	Note No.	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
<b>Income</b>			
I. Revenue from operations (gross)	2.18	3,718,004,646	2,972,332,138
Less : Excise duty		126,687,199	79,903,486
Revenue from operations (net)		<b>3,591,317,447</b>	<b>2,892,428,652</b>
II. Other Income	2.19	20,252,719	1,174,905
III. <b>Total Revenue</b>		<b>3,611,570,166</b>	<b>2,893,603,557</b>
<b>IV. Expenses:</b>			
a. Cost of materials consumed	2.20	1,992,050,020	1,524,920,853
b. Purchases of stock-in-trade		-	9,921,907
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.21	(1,366,603)	(68,290,599)
d. Employee benefits expense	2.22	228,285,439	196,593,336
e. Finance costs	2.23	77,429,399	59,356,197
f. Depreciation and amortisation expense	2.10	103,843,486	106,341,192
g. Other expenses	2.24	1,111,056,482	1,137,865,835
<b>Total Expenses</b>		<b>3,511,298,223</b>	<b>2,966,708,721</b>
V. <b>Profit / ( Loss ) before tax (III-IV)</b>		<b>100,271,943</b>	<b>(73,105,164)</b>
<b>VI. Tax expense:</b>			
a. Current tax		22,400,000	-
b. Tax for earlier years		1,100,000	6,171,097
c. Deferred tax		25,752,000	(29,684,000)
VII. <b>Profit / ( Loss ) for the period (V - VI)</b>		<b>51,019,943</b>	<b>(49,592,261)</b>
<b>VIII. Earnings per equity share:</b>			
Nominal value of share Rs. 10/- (Rs. 10/-)	2.25		
a. Basic		<b>5.62</b>	<b>(5.47)</b>
b. Diluted		<b>5.62</b>	<b>(5.47)</b>

Significant Accounting Policies and Notes on Accounts

1&2

For and on behalf of the Board of Directors

As per our report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

P. H. KURIAN IAS  
Chairman  
DIN : 00027596

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. KEIJI SUZUKI  
Director  
DIN : 02221545

K. MURALEEDHARAN NAIR  
Chief Financial Officer

T. YAMAKI  
Director  
DIN : 02669053

A. K. NAIR  
Director  
DIN : 00009148

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2015

**NITTA GELATIN INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

	For the Year Ended 31.03.2015 Rupees	For the Year Ended 31.03.2014 Rupees
<b>A. Cash Flows from Operating Activities</b>		
Net Profit / (Loss) before Tax & Extraordinary Items	<b>100,271,943</b>	<b>(73,105,164)</b>
Adjustments for:		
Depreciation	103,843,486	106,341,192
(Profit)/Loss on sale of fixed assets	1,602,063	119,992
Interest Expenditure	77,429,399	59,356,197
Interest Income	(772,065)	(1,037,475)
Dividend Received	-	(17,430)
Foreign Exchange (Gain)/Loss	(2,192,444)	(957,880)
Provision for Doubtful debts	4,031,836	(9,472)
Provision for investment	500,000	-
Provision for claims disputed	(2,232,132)	
Expense on Employees Stock Purchase scheme (See Note 2 below )	-	12,590,000
	<u>182,210,143</u>	<u>176,385,124</u>
Operating Profit / (Loss) before Working Capital Changes	282,482,086	103,279,960
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(17,294,088)	20,606,269
(Increase)/Decrease in Inventories	(22,400,648)	15,420,132
Increase/(Decrease) in Trade/ other payables	(48,358,829)	111,062,923
	<u>(88,053,565)</u>	<u>147,089,324</u>
<b>Cash generated from Operations</b>	<b>194,428,521</b>	<b>250,369,284</b>
Direct Taxes	(26,007,456)	(20,133,234)
Cash Flow Before Extraordinary Items	168,421,065	230,236,050
Extraordinary Items	-	-
<b>Net Cash from/(used) in Operating Activities</b>	<b>168,421,065</b>	<b>230,236,050</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(85,543,586)	(237,546,632)
Sale of Fixed Assets	285,845	93,388
Interest Received	769,833	928,147
Dividend Received	-	17,430
<b>Net Cash from/(used) in Investing Activities</b>	<b>(84,487,908)</b>	<b>(236,507,667)</b>



	For the Year Ended 31.03.2015 Rupees	For the Year Ended 31.03.2014 Rupees
<b>C. Cash Flows from Financing Activities</b>		
Dividend Paid	(155,977)	(33,247,735)
Corporate Dividend Tax	-	(5,710,320)
Increase/(Decrease) in Short Term Borrowings	(3,248,603)	36,222,747
Proceeds from term loan	2,561,485	60,915,337
Proceeds from issue of share capital	-	5,000,000
Interest Paid	(77,270,791)	(59,892,595)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(78,113,886)</b>	<b>3,287,434</b>
<b>Summary</b>		
<b>Net Cash from/(used) in Operating Activities</b>	<b>168,421,065</b>	<b>230,236,050</b>
<b>Net Cash from/(used) in Investing Activities</b>	<b>(84,487,908)</b>	<b>(236,507,667)</b>
<b>Net Cash from/(used) in Financing Activities</b>	<b>(78,113,886)</b>	<b>3,287,434</b>
<b>Net Increase/(Decrease) in Cash Equivalents</b>	<b>5,819,271</b>	<b>(2,984,183)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>10,271,400</b>	<b>13,255,583</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>16,090,671</b>	<b>10,271,400</b>
	<b>5,819,271</b>	<b>(2,984,183)</b>

**Note:**

- Cash and cash equivalents at the end of the year includes Rs. 5,467,144 (Rs.2,491,776) held under lien and Rs. 1,637,705 (Rs 1,793,682) deposited in unclaimed dividend account which is earmarked for payment of dividend
- Expenses on Employees Stock Purchase scheme amounting to Rs Nil (Rs 12,590,000) and issue of bonus shares during the current year amounting to Rs Nil (Rs 5,791,600) have not been included in the cash flow statement, being non cash transactions

As per our report of even date attached

For VARMA & VARMA  
(FRN: 004532S)

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

Place: Kochi  
Date: 09.05.2015

For and on behalf of the Board of Directors

P. H. KURIAN IAS  
Chairman  
DIN : 00027596

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
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Chief Financial Officer

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Director  
DIN : 02669053

A. K. NAIR  
Director  
DIN : 00009148

G. RAJESH KURUP  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015

### 1. Significant Accounting Policies

#### a Basis of Accounting

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

#### b Use of Estimates

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

#### c Revenue Recognition

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

#### d Fixed Assets

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (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 Statement of Profit and Loss for the year.

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

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

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

##### **Compensated Absences:**

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

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)**

### **v. Termination Benefits**

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

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

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

### **k. Income Tax**

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

### **l. Foreign Currency Transactions, Forward Contracts and Derivatives**

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

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

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

The portion of the gains or losses on forward contracts 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.

### **m. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (CONTD.)**

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 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2 Notes on Accounts

#### 2.01 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 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Authorised:</b>		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
<b>Issued and Subscribed and fully paid:</b>		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- each	90,791,600	90,791,600
	<b>90,791,600</b>	<b>90,791,600</b>

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Rupees	Number	Rupees
As at the beginning of the financial year	9,079,160	90,791,600	8,400,000	84,000,000
Add : Issue of Bonus shares [See Note <b>2.02.1</b> ]	-	-	579,160	5,791,600
Add : Issue of shares under ESPS Scheme [See Note <b>2.02.1</b> ]	-	-	100,000	1,000,000
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600

**2.01.1** In order to comply with the Minimum Public Shareholding (MPS) to 25% as required under Securities Contracts Regulations (Rules) 1957, during the preceding year, pursuant to a resolution passed at the Extra Ordinary General Meeting (EGM) of the company held on 29th May 2013, the company had allotted 100,000 equity shares at Rs. 50/- per equity share of face value of Rs. 10/- each to the employees under an Employee Stock Purchase Scheme (ESPS) and bonus shares in the ratio of 1:3 (579,160 equity shares) only to the public shareholders excluding the promoters.

On 17th June 2013, one of the promoter shareholders, M/s Kerala State Industrial Development Corporation Limited (KSIDC) informed the company their inability to forego its right to bonus shares and consequently the other promoter shareholder, M/s 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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

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 24th August 2013. The BSE advised the company by email dated 27th August 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 29th May 2013, would be adversely affected.

Under the circumstances the company was unable to act on the resolution passed at the EGM held on 24th August 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 was made in the accounts for the preceding year ended 31st March 2014. Based on legal opinion received, the company had filed an appeal against the order of SEBI as above before Securities Appellate Tribunal (SAT).

During the year, the Securities Appellate Tribunal has dismissed the company's appeal on the above matter and based on the legal opinion that any appeal before the Supreme Court against the SAT order is not warranted, the Board of directors has decided not to pursue the matter further.

Consequently, the allotment of the above bonus shares and equity shares under an Employee Stock Purchase Scheme, could not be made.

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	%	No. of shares	%	No. of shares
Nitta Gelatin Inc, Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220

### Terms/ Rights attached to Equity Shares

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

**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 31.03.2015	As at 31.03.2014
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

### 2.02 Reserves and Surplus

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Securities Premium Reserve</b>		
Opening Balance	289,590,000	273,000,000
Add: additions on account of shares issued under ESPS Scheme	-	16,590,000
<b>Closing Balance</b>	<b>289,590,000</b>	<b>289,590,000</b>
<b>Capital Investment Subsidy</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Special Export Reserve</b>		
(under the Income Tax Act, 1961)	<b>7,900,000</b>	<b>7,900,000</b>
<b>General Reserve</b>		
Opening Balance	635,464,400	641,256,000
Add: Transfer from Surplus	28,200,000	-
Less : Capitalised by way of issue of Bonus shares issued during the year	-	5,791,600
<b>Closing Balance</b>	<b>663,664,400</b>	<b>635,464,400</b>
<b>Hedge Equalisation Reserve</b>		
Opening Balance	-	4,785,189
Add: Net gain / ( Loss ) recognised on cash flow hedges	25,264,976	(44,838,261)
Less: Net gain / ( Loss ) reclassified to Statement of Profit and Loss during the year	1,786,805	(40,053,072)
	<b>23,478,171</b>	<b>-</b>
<b>Surplus</b>		
Opening Balance	129,016,019	178,608,280
Net Profit / ( Loss ) after tax as per Statement of Profit and Loss	51,019,943	(49,592,261)
Less: Adjustments for assets having no remaining useful life [See Note 2.10.(2)]	1,833,624	-
<b>Amount available for Appropriation</b>	<b>178,202,338</b>	<b>129,016,019</b>
Less: Appropriations		
Transfer to General Reserve	28,200,000	-
Proposed Dividend (See Note 2.02.1)	9,079,160	-
Tax on Proposed Dividend	1,848,335	-
<b>Closing Balance</b>	<b>139,074,843</b>	<b>129,016,019</b>
	<b>1,125,207,414</b>	<b>1,063,470,419</b>



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (CONTD.)

**2.02.1** Final dividend of Re. 1 ( Nil ) per share proposed by the Board of Directors is subject to approval of share holders in the ensuing Annual General Meeting.

### 2.03 Long Term Borrowings

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Secured</b>		
Term Loans		
From State Bank of India [ See Note <b>2.03.1</b> ]	49,950,304	54,397,149
From Canara Bank [ See Note <b>2.03.2</b> ]	32,086,956	35,578,626
	<b>82,037,260</b>	<b>89,975,775</b>

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

**2.03.2** Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly instalments of Rs 2,250,000 starting from December 2014. The interest rate is Base Rate + 3.00 %.

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

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Term Loans		
From State Bank of India	12,000,000	6,000,000
From Canara Bank	9,000,000	4,500,000
	<b>21,000,000</b>	<b>10,500,000</b>

### 2.04 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>A. Deferred Tax Liability</b>		
On excess of net book value over Income tax written down value of fixed assets	87,367,827	83,624,000
Timing differences on assessment of income	7,704,000	7,805,000

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

<b>B. Deferred Tax Assets</b>		
On Provisions	7,222,000	7,526,000
On unabsorbed depreciation	-	27,277,000
On other disallowances	27,038,000	20,622,000
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>60,811,827</b>	<b>36,004,000</b>

### 2.05 Long-term Provisions

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Provision for Employee Benefits [See Note 2.05.1]	20,875,581	17,378,882
	<b>20,875,581</b>	<b>17,378,882</b>

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

##### a. Defined Contribution Plans

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

Particulars	Current Year Rupees	Previous Year Rupees
Employers contribution to Provident Fund	12,975,763	11,863,522
Employers contribution to Employee's State Insurance	405,531	867,471

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

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	7.80%	9.10%
Expected return on plan assets	8.75%	9.25%
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	35,756,107	38,885,727
Current Service Cost	2,987,016	2,650,885
Interest Cost	3,135,804	3,195,139
Actuarial (gain)/ loss	5,449,192	(1,427,015)
Benefits Paid	(2,593,447)	(7,548,629)
Present value of obligation at the end of the year	44,734,672	35,756,107

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

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	38,144,915	30,249,051
Expected return on plan assets	3,561,485	2,996,398
Actuarial gain/ (loss)	(712,052)	610,595
Contributions to the fund	3,308,697	8,000,000
Contributions towards direct benefit payments	-	3,837,500
Benefits paid from fund	(2,593,447)	(3,711,129)
Benefits paid directly	-	(3,837,500)
Fair value of plan assets at the end of the year	41,709,598	38,144,915

iv. Description of Plan Assets	Current Year Rupees	Previous Year Rupees
Insurer Managed Funds (LIC of India)	41,709,598	38,144,915

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees	2010-11 Rupees
Present value of obligation at the end of the year	44,734,672	35,756,107	38,885,727	28,820,832	27,648,601
Fair value of plan assets at the end of the year	41,709,598	38,144,915	30,249,051	25,259,603	26,698,214
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	3,025,074	(2,388,808)	8,636,676	3,561,229	950,387

vi. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	2,987,016	2,650,885
Interest Cost	3,135,804	3,195,139
Actuarial (gain)/ loss recognized in the period	6,161,244	(2,037,610)
Past Service Cost (if applicable)	-	-
Expected return on plan assets	(3,561,485)	(2,996,398)
Total expenses recognized in the Statement of Profit and Loss for the year	8,722,579	812,016
Actual return on plan assets	2,849,433	3,606,993

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### c. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	7.80%	9.10%
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	18,108,478	20,603,718
Current Service Cost	1,769,890	1,504,848
Interest Cost	1,490,968	1,392,950
Actuarial (gain)/ loss	4,901,463	1,420,571
Benefits Paid	(3,448,410)	(6,813,609)
Present value of obligation at the end of the year	22,822,389	18,108,478

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees	2010-11 Rupees
Present value of obligation at the end of the year	22,822,389	18,108,478	20,603,718	14,041,883	12,381,328
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	22,822,389	18,108,478	20,603,718	14,041,883	12,381,328

iv. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	1,769,890	1,504,848
Interest Cost	1,490,968	1,392,950
Actuarial (gain)/ loss recognized in the period	4,901,463	1,420,571
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	8,162,321	4,318,369

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.06 Short-term Borrowings

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Working Capital Loan from Banks (Secured) (See Note <b>2.06.1</b> )	422,062,717	420,155,001
Term Loan from Banks (Secured) (See Note <b>2.06.2</b> )	-	7,000,000
	<b>422,062,717</b>	<b>427,155,001</b>

**2.06.1** Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future and by way of pari passu charge on the fixed assets of the Company. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs. 16,022,915 (Nil) which is repayable within a period of 70 days to 90 days from the date of avilment as per terms.

**2.06.2** Secured by exclusive charge over the fixed assets to be created out of the term loan. The loan is repaid during the current year in quarterly installments of Rs 25,00,000 each commencing from the first quarter of the year. The interest rate is Base Rate + 3.00 %.

### 2.07 Trade Payables

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Trade Payables (See Note <b>2.07.1</b> )	271,977,294	321,376,784
	<b>271,977,294</b>	<b>321,376,784</b>

**2.07.1** The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2015, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 193,800 (Rs. 69,021) has been included under Trade Payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

### 2.08 Other Current Liabilities

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Current maturities of long term borrowings (See Note <b>2.03.1</b> and <b>2.03.2</b> )	21,000,000	10,500,000
Unpaid Dividend	1,637,705	1,793,682
Interest accrued and due on borrowings	712,496	630,996
Interest accrued but not due on borrowings	77,108	-
Other Payables -		
- Statutory Dues	5,187,204	13,131,042
- Advance from Customers	1,925,468	1,565,719
- Creditors for Capital Goods	11,200	5,128,729
- Other Recoveries Payable	1,588,039	681,110
	<b>32,139,220</b>	<b>33,431,278</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.09 Short-term Provisions

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Provision for employee benefits [See Note <b>2.05.1</b> ]	4,971,882	729,596
Others		
- Proposed Dividend	9,079,160	-
- Corporate Dividend Tax	1,848,335	-
- Excise Duty	10,393,020	9,598,921
- Water Cess [See Note <b>2.28.2(iii)</b> ]	6,183,200	6,183,200
- Income Tax (net)	5,671,980	8,179,436
	<b>38,147,577</b>	<b>24,691,153</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015(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 01-04-2014	Additions	Disposals/ Adjust- ments	As at 31-03-2015	As at 01-04-2014	For the year (see Note 2.10.1 below)	Transition adjustment ( See Note No. 2.10.2 below )	Disposal/ Adjustments	As at 31-03-2015	As at 31-03-2015 (See Note 2.10.3 below)	As at 31-03-2014
<b>FIXED ASSETS:</b>											
<b>(A) Tangible Assets</b>											
Land and Development	44,070,945 (37,099,095)	- (6,971,850)	-	44,070,945 (44,070,945)	-	-	-	-	-	44,070,945 (44,070,945)	44,070,945 (37,099,095)
Leasehold Land	261,48,286 (26,148,286)	-	-	26,148,286 (26,148,286)	4,377,294 (4,087,048)	290,246 (290,246)	-	-	4,667,540 (4,377,294)	21,480,746 (21,770,992)	21,770,992 (22,061,238)
Buildings	316,768,386 (264,931,190)	5,838,359 (51,837,196)	148,469	322,458,276 (316,768,386)	170,546,742 (159,674,578)	16,999,573 (10,872,164)	1,321,095	124,053	188,743,357 (170,546,742)	133,714,919 (146,221,644)	146,221,644 (105,256,612)
Plant & Equipment	1,511,215,342 (1,333,754,450)	57,331,453 (179,220,489)	12,583,165 (1,759,597)	1,555,963,630 (1,511,215,342)	925,572,012 (838,478,569)	76,925,495 (88,757,183)	237,209	11,262,124 (1,166,374)	991,472,592 (925,572,012)	564,491,038 (585,643,330)	585,643,330 (495,275,881)
Office Equipments	21,528,879 (19,678,134)	1,413,833 (2,158,771)	3,235,898 (308,026)	19,706,814 (21,528,879)	14,097,203 (12,394,131)	3,984,162 (1,893,575)	1,189,296	2,841,563 (190,503)	16,429,098 (14,097,203)	3,277,716 (7,431,676)	7,431,676 (7,284,003)
Furniture & Fittings	9,393,092 (9,120,531)	541,645 (272,561)	1,176,504	8,758,233 (9,393,092)	7,812,683 (7,347,041)	681,032 (465,642)	25,224	1,159,269	7,359,670 (7,812,683)	1,398,563 (1,580,409)	1,580,409 (1,773,490)
Vehicles	6,895,058 (6,895,058)	-	-	6,895,058 (6,895,058)	3,900,628 (2,854,539)	1,026,870 (1,046,089)	-	-	4,927,498 (3,900,628)	1,967,560 (2,994,430)	2,994,430 (4,040,519)
<b>Total Tangible Assets</b>	<b>1,936,019,988</b>	<b>65,125,290</b>	<b>17,144,036</b>	<b>1,984,001,242</b>	<b>1,126,306,562</b>	<b>99,907,378</b>	<b>2,772,824</b>	<b>15,387,009</b>	<b>1,213,599,755</b>	<b>770,401,487</b>	<b>809,713,426</b>
<b>Previous Year</b>	<b>1,697,626,744</b>	<b>240,460,867</b>	<b>2,067,623</b>	<b>1,936,019,988</b>	<b>1,024,835,906</b>	<b>103,324,899</b>	<b>-</b>	<b>1,854,243</b>	<b>1,126,306,562</b>	<b>809,713,426</b>	<b>672,790,838</b>
<b>(B) Intangible Assets</b>											
Software	15,563,650 (13,032,851)	99,175 (2,530,799)	-	15,662,825 (15,563,650)	9,416,520 (6,400,227)	3,936,108 (3,016,293)	4,973	-	13,357,601 (9,416,520)	2,305,224 (6,147,130)	6,147,130 (6,632,624)
<b>Total Assets (A+B)</b>	<b>1,951,583,638</b>	<b>65,224,465</b>	<b>17,144,036</b>	<b>1,999,664,067</b>	<b>1,135,723,082</b>	<b>103,843,486</b>	<b>2,777,797</b>	<b>15,387,009</b>	<b>1,226,957,356</b>	<b>772,706,711</b>	<b>815,860,556</b>
<b>Previous Year</b>	<b>1,710,659,595</b>	<b>242,991,666</b>	<b>2,067,623</b>	<b>1,951,583,638</b>	<b>1,031,236,133</b>	<b>106,341,192</b>	<b>-</b>	<b>1,854,243</b>	<b>1,135,723,082</b>	<b>815,860,556</b>	<b>679,423,462</b>

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As at 01-04-2014	Additions	Disposals/ Adjustments	As at 31-03-2015	As at 01-04-2014	For the year (see Note 2.10.1 below)	Transition adjustment ( See Note No 2.10.2 below )	Disposal/ Adjustments	As at 31-03-2015 (See Note 2.10.3 below)	As at 31-03-2014
<b>CAPITAL WORK IN PROGRESS:</b>										
Building and Plant under construction	822,538	7,929,120	5,838,359	2,913,299					2,913,299	822,538
	(6,783,954)	(45,058,209)	(51,019,625)	(822,538)					(822,538)	(6,783,954)
Plant, Machinery and Equipment under installation [See Note 2.10.4]	83,201,553	56,782,271	58,869,686	81,114,138					81,114,138	83,201,553
Interest / Finance charges	(77,462,934)	(96,860,494)	(91,121,875)	(83,201,553)					(83,201,553)	(77,462,934)
	-	-	-	-					-	-
Less : Income on trial production (Net)	-	(3,523,569)	(3,523,569)	-					-	-
	-	-	-	-					-	-
	-	(1,235,238)	(1,235,238)	-					-	-
<b>Total</b>	<b>84,024,091</b>	<b>64,711,391</b>	<b>64,708,045</b>	<b>84,027,437</b>					<b>84,027,437</b>	<b>84,024,091</b>
<b>Previous Year</b>	<b>84,246,888</b>	<b>144,207,034</b>	<b>144,429,831</b>	<b>84,024,091</b>					<b>84,024,091</b>	<b>84,246,888</b>

**2.10.1** Consequent to Schedule II of the Companies Act, 2013 becoming applicable with effect from 01.04.2014, depreciation for the year has been provided on the basis of useful lives prescribed in the aforesaid Schedule II, except relating to Plant and Machinery (except for service equipment), for which useful life has been adopted on the basis of technical evaluation in an earlier year, and being consistently followed. This has an impact of increasing depreciation for the year by an amount of Rs 6,982,038/-

**2.10.2** Transitional adjustments of Rs 2,777,797/- (Nil) represents the carrying amounts in respect of assets which have no remaining useful life as per Schedule II, and has been adjusted against the opening balance Retained Earnings at Rs 18,33,624 ( net of deferred tax )

**2.10.3** Net Block of Tangible Assets include Assets intended for sale as below :

a) Land	Rs. 25,232,939
b) Building	Rs. 24,043,007
c) Plant & Equipment	Rs 6,680,095
d) Office Equipment	Rs. 83,078
e) Furniture	Rs. 64,988

**2.10.4** Adjustments during the year includes Rs. 12,517,676 (Nil) reclassified as assets held for sale under other current assets



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.11 Non-current Investments

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Investment in Equity Instruments (at Cost) - Long term</b>		
<b>Quoted ( Non Trade):</b>		
a. 4,200 (420) Equity Shares of Re.1/- (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
<b>Aggregate amount of quoted investments (A)</b>	<b>149,800</b>	<b>149,800</b>
Aggregate Market Value: Rs 11,24,735 (Rs. 808,341)		
<b>Unquoted (Trade):</b>		
<b>a. In Subsidiary Companies:</b>		
3,500,000 (3,500,000) fully paid up Equity Shares of Rs.10/- each in Bamni Proteins Limited	35,000,437	35,000,437
14,060,520 ( 14,060,520 ) fully paid up Equity Shares of Rs.10/- each in Reva Proteins Limited [See Note 2.11.1]	284,013,000	284,013,000
<b>b. In Associate Company:</b>		
288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited	2,880,000	2,880,000
<i>Less: Provision for diminution in value of investments</i>	<i>(2,880,000)</i>	<i>(2,880,000)</i>
<b>c. Others:</b>		
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
300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
<i>Less: Provision for diminution in value of investments</i>	<i>(500,000)</i>	<i>-</i>
<b>Aggregate amount of unquoted investments (B+C)</b>	<b>323,003,437</b>	<b>323,503,437</b>
Aggregate provision for diminution in value of investments Rs. 3,380,000 (Rs. 2,880,000)		
<b>Total Investments (A + B + C)</b>	<b>323,153,237</b>	<b>323,653,237</b>

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.12 Long-term Loans and Advances

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Unsecured (Considered Good)</b>		
Capital Advance	5,057,337	2,507,648
Others		
- Loan to employees	682,089	626,830
- Deposits	10,808,320	10,446,119
	16,547,746	13,580,597
<b>Unsecured (Considered Doubtful)</b>		
Sales Tax Deposit	1,100,494	1,100,494
Less: Provision for doubtful deposits	1,100,494	1,100,494
	-	-
	<b>16,547,746</b>	<b>13,580,597</b>

### 2.13 Inventories

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Raw Materials	100,392,588	75,834,912
Work-in-process	255,430,869	256,769,473
Finished Goods	119,831,319	117,126,112
Stores & Spares	58,769,740	62,197,992
Others - Packing Materials	5,756,850	5,852,229
	<b>540,181,366</b>	<b>517,780,718</b>

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

### 2.14 Trade Receivables

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	3,918,157	3,334,993
Unsecured, Considered Doubtful	6,070,096	2,038,260
	9,988,253	5,373,253
Less: Provision for Doubtful Debts	6,070,096	2,038,260
	3,918,157	3,334,993
Others (Unsecured, Considered Good)	217,863,551	219,540,297
	<b>221,781,708</b>	<b>222,875,290</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.15 Cash and Cash Equivalents

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Balance with Banks		
In Current Accounts [See Note 2.15.1]	9,851,934	6,490,643
In Deposit Accounts [See Note 2.15.2 and 2.15.3]	5,467,144	2,491,776
Cash on hand	771,593	1,288,981
	<b>16,090,671</b>	<b>10,271,400</b>

**2.15.1** Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 16,37,705 (Rs. 17,93,682)

**2.15.2** Balance with banks in Deposit Accounts include Rs. 4,946,293 (Rs.2,491,776) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit.

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

### 2.16 Short-term Loans and Advances

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>(Unsecured, Considered Good)</b>		
Advance to Related Parties:		
- Reva Proteins Limited (Subsidiary Company)	36,999,221	-
Others:		
- Advances recoverable in cash or in kind or for value to be received.	32,199,796	46,736,098
- Loan to employees	314,927	424,588
- Deposits	506,932	176,741
- Balances with Central Excise, Customs etc.	6,281,725	12,860,200
	<b>76,302,601</b>	<b>60,197,627</b>

### 2.17 Other Current Assets

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Interest Receivable	536,446	534,214
Assets held for sale [ See Note 2.10.4 ]	12,517,676	-
Export Incentive [ See Note 2.17.1 & 2.17.2 ]	46,879,917	51,561,156
<i>Less: Provision for Claims Disputed</i>	<i>(9,090,768)</i>	<i>(6,858,636)</i>
	37,789,149	44,702,520
- Claims recoverable - Reva Proteins Ltd, Subsidiary Company	10,529,864	-
Marked to market Gain ( net ) on forward contracts	24,031,644	-
Others	7,854,234	10,794,642
	<b>93,259,013</b>	<b>56,031,376</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

**2.17.1** Export incentive receivable includes Duty Drawback claims amounting to Rs. 9,090,768 (Rs. 6,858,636) taken credit for in prior years not admitted by the Department. In respect of such claims amounting to Rs. 6,461,789 (Rs. 6,461,789) during an earlier year, a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Hon. High Court. In respect of such claims amounting to Rs.2,628,979 (Rs. 396,487), the amounts have been withheld by the Central Excise / Customs officials, against which representations have been made before higher authorities. Though the company is hopeful of favourable decisions, provision has been created in the accounts as a matter of abundant caution.

**2.17.2** Export incentive receivable includes claims under Duty Entitlement Pass Book (DEPB) Scheme accounted as income for earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods of Rs 4,151,031 ( Rs 4,151,031 ) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. The management is of the opinion that these claims are fully recoverable, and no provision is considered necessary at this stage.

### 2.18 Revenue from operations

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
<b>Sale of Products</b>		
Gross Sales	3,631,547,736	2,897,338,915
<b>Other Operating Revenues</b>		
Miscellaneous Sales	37,853,031	50,186,224
Export Incentive [See Note <b>2.17.2</b> ]	24,840,365	24,806,999
Provision / sundry balances written back	800,266	-
Other Miscellaneous Income	22,963,248	-
	86,456,910	74,993,223
	<b>3,718,004,646</b>	<b>2,972,332,138</b>
Less: Excise Duty collected on domestic sales	126,687,199	79,903,486
	<b>3,591,317,447</b>	<b>2,892,428,652</b>

### 2.19 Other Income

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Interest Income	772,065	1,037,475
Dividend Income from Non Current Investments	-	17,430
Foreign Exchange Rate Variation (net)	19,360,654	-
Other non operating Income	120,000	120,000
	<b>20,252,719</b>	<b>1,174,905</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.20 Cost of materials consumed

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Opening Stock	75,834,912	151,200,521
Add: Purchases	2,016,607,696	1,449,555,244
	<b>2,092,442,608</b>	<b>1,600,755,765</b>
Less: Closing Stock	100,392,588	75,834,912
	<b>1,992,050,020</b>	<b>1,524,920,853</b>

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

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
<b>Closing Stock</b>		
Finished Goods	119,831,319	117,126,112
Work-in-process	255,430,869	256,769,473
	<b>375,262,188</b>	<b>373,895,585</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	117,126,112	95,566,862
Work-in-process	256,769,473	210,038,124
	<b>373,895,585</b>	<b>305,604,986</b>
	<b>1,366,603</b>	<b>68,290,599</b>

### 2.22 Employee benefits expense

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Salaries & Wages	176,956,493	140,491,165
Contribution to Provident and Other Funds	22,110,937	13,549,873
Expense on Employees Stock Purchase scheme	-	12,590,000
Workmen and Staff Welfare Expenses	29,218,009	29,962,298
	<b>228,285,439</b>	<b>196,593,336</b>

### 2.23 Finance costs

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Interest Expense	77,429,399	59,356,197
	<b>77,429,399</b>	<b>59,356,197</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.24 Other Expenses

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Conversion charges	214,052,487	263,431,087
Consumption of Stores, Spares & Consumables	58,954,493	51,146,634
Packing materials Consumed	46,899,473	36,936,358
Research & Development Expenditure [See Note <b>2.24.1</b> ]	4,971,709	28,739,881
Power, Fuel, Water & Gas	374,725,841	304,824,866
Repairs		
- Building	9,931,837	6,423,349
- Plant & Machinery	80,343,836	111,255,579
- Others	35,101,605	28,526,744
Loading, Transportation and Other charges on products	66,047,154	65,222,225
Freight on Exports	18,630,934	14,001,607
Insurance	7,390,287	7,016,265
Rent	4,036,384	4,450,023
Rates & Taxes	10,242,163	5,744,070
Postage & Telephone	4,856,882	5,013,916
Printing & Stationery	1,777,139	2,347,623
Travelling & Conveyance	27,819,856	36,255,477
Director's sitting fee	840,000	940,000
Payments to the Auditor [See Note <b>2.24.3</b> ]	1,534,604	1,355,378
Advertisement & Publicity	2,730,279	17,654,080
Discount & Commission on Sales	36,877,541	26,808,819
Professional & Consultancy charges	34,937,591	48,740,651
Bank Charges	5,242,727	4,994,560
Miscellaneous Expenses [See Note <b>2.24.3</b> ]	61,509,597	40,564,378
Loss on sale of assets	1,602,063	119,992
Foreign Exchange rate variation (Net)	-	25,352,273
	<b>1,111,056,482</b>	<b>1,137,865,835</b>

#### 2.24.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
<b>Revenue Expenditure</b>		
Salary & Allowances	2,945,683	4,245,503
Other Expenses	2,026,026	24,494,378
	<b>4,971,709</b>	<b>28,739,881</b>
Capital Expenditure - Fixed assets	715,786	1,489,846
- Capital Work in Progress	30,123,261	26,827,633
	<b>35,810,756</b>	<b>57,057,360</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### 2.24.2 Details of payments to the Auditor

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
a. Statutory Audit Fees	675,000	675,000
b. Other Services		
- Taxation Matters (Including Tax Audit)	370,000	330,500
- Others	476,501	346,061
- Reimbursement of Expenses	13,103	3,817
	<b>1,534,604</b>	<b>1,355,378</b>

**2.24.3** Miscellaneous expenses include Rs. 1,786,059/- incurred as expenditure towards Corporate Social Responsibility activities. The expenditure includes contributions made to trust controlled by the company as shown in Note 2.26.

### 2.25 Earnings per equity share

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Net Profit / ( Loss ) after taxation	51,019,943	(49,592,261)
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Basic	9,079,160	9,059,708
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,079,160	9,059,708
Earnings per share - Basic	5.62	(5.47)
Earnings per share - Diluted	5.62	(5.47)

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

### B. Description of Transactions

(Amount in Rupees)

Nature of Transaction	Subsidiary Com- pany/ Associate Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
<b>Sale and Income</b>				
1. Sale of Goods:				
Nitta Gelatin Inc		1,190,992,647 (1,028,337,468)		1,190,992,647 (1,028,337,468)
Nitta Gelatin NA Inc		371,496,988 (403,986,868)		371,496,988 (403,986,868)
2. Expenses recovered ( Net ):				
Bamni Proteins Ltd	32,694,338 (29,107,091)			32,694,338 (29,107,091)
Reva Proteins Ltd	3,760,746 (3,201,989)			3,760,746 (3,201,989)
3. For Quality claims				
Reva Proteins Ltd	10,529,864 (-)			10,529,864 (-)
Bamni Proteins Ltd	17,345,863 (-)			17,345,863 (-)
4. Commission on sales				
Nitta Gelatin Inc		5,617,385		5,617,385
		(-)		(-)
<b>Purchase and Expenses</b>				
1. Purchase of Goods:				
Nitta Gelatin Inc		33,308 (9,921,907)		33,308 (9,921,907)
2. Interest paid:				
Reva Proteins Limited	- (1,934,194)			- (1,934,194)
3. Commission expense:				
Nitta Gelatin Inc		693,181 (616,820)		693,181 (616,820)
- For Sale of Gelatin		472,874 (458,224)		472,874 (458,224)
- For Sale of Peptide				
4. Rent paid -				
Bamni Proteins Ltd	120,000 (47,667)			120,000 (47,667)
5. Conversion charges:				



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)**

**(Amount in Rupees)**

Bamni Proteins Limited	136,785,987			136,785,987
	(123,507,691)			(123,507,691)
Reva Proteins Limited	77,266,500			77,266,500
	(126,886,563)			(126,886,563)
6. Rebate/ Discount expense:				
Nitta Gelatin Inc		8,334,131		8,334,131
		(2,277,157)		(2,277,157)
Nitta Gelatin NA Inc		1,257,731		1,257,731
		(5,171,714)		(5,171,714)
7. Technical Assistance Fee:				
Nitta Gelatin Inc		1,859,083		1,859,083
		(2,035,500)		(2,035,500)
8. For Quality claims of product -				
Nitta Gelatin Inc		17,345,863		17,345,963
		(-)		(-)
9. Reimbursement of expense (Net)				
Nitta Gelatin Inc		1,809,592		1,809,592
		(1,733,677)		(1,733,677)
Nitta Gelatin NA Inc		422,191		422,191
		(-)		(-)
Reva proteins Limited	1,218,213			1,218,213
	(11,156,020)			(11,156,020)
Bamni Proteins Limited	4,680,202			4,680,202
	(7,458,605)			(7,458,605)
Directors sitting fees			-	-
			(20,000)	(20,000)
10. Donations / Corporate Social Respon- sibility contribution [See Note <b>2.24.3</b> ]				
K. T. Chandy Seiichi Nitta Foundation	1,143,930			1,143,930
	(1,723,977)			(1,723,977)
11. Remuneration to Managing Director [See Note <b>2.26.2</b> ]			11,035,014	11,035,014
			(14,308,542)	(14,308,542)
12. Remuneration to Whole time Director (See Note <b>2.26.1</b> )			1,861,429	1,861,429
			(-)	(-)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

**(Amount in Rupees)**

<b>Investments</b>				
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)
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)				
<b>Guarantees Given</b>				
1. Reva Proteins Limited	200,000,000			200,000,000
	(200,000,000)			(200,000,000)
<b>Dividend Paid</b>				
1. Nitta Gelatin Inc		-		-
		(15,601,200)		(15,601,200)
<b>Loans Repaid</b>				
1. Reva Proteins Ltd.	-			-
	(29,060,438)			(29,060,438)
<b>Receivables</b>				
1. Nitta Gelatin Inc		33,175,184		33,175,184
		(9,615,041)		(9,615,041)
2. Nitta Gelatin NA Inc		5,207,750		5,207,750
		(10,358,342)		(10,358,342)
3. Reva Proteins Limited				
- Trade Advance	36,999,221			36,999,221
	(-)			(-)
- Claims Recoverable	10,529,864			10,529,864
	(-)			(-)
<b>Payables</b>				
1. Reva Proteins Ltd	-			-
	(32,699,049)			(32,699,049)
2. Bamni Proteins Ltd [See Note 2.26.3]	9,842,562			9,842,562
	(11,718,800)			(11,718,800)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

**2.26.1** In view of the inadequacy of profits, the remuneration paid / payable to the Whole Time Director during the year - Rs. 1,861,479/- (Nil) is subject to necessary approvals prescribed under the Companies Act, 2013 which is being sought by the Company in the General Meeting.

**2.26.2** Remuneration to Managing Director for the year includes gratuity and leave encashment paid out of liability funded / recognised in earlier years - Nil (Rs 8,177,167)

**2.26.3** Amounts payable to Bamni Proteins Limited is net of amounts receivable from them for claims of Nitta Gelatin Inc., Japan - Rs 17,345,863 ( Nil )

### 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)	1,846,605,916 (1,644,014,187)	1,658,254,441 (1,173,421,242)	3,504,860,357 (2,817,435,429)
Segment Result	279,212,963 (269,681,898)	181,265,258 (67,680,864)	460,478,221 (337,362,762)
Unallocated Expenditure (Net)			282,776,879 (351,111,729)
Interest Expense			77,429,399 (59,356,197)
Profit / ( Loss ) before Taxation			100,271,943 (73,105,164)

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

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

#### 2.28.1 Provisions

Nature of Provision	Balance as at 01.04.2014	Additional Pro- vision during the year	Amounts used/ changed dur- ing the year	Unused amounts reversed	Balance as at 31.03.2015
Provision for Central Excise Duty. [See Note <b>2.28.1(i)</b> ]	9,598,921 (8,799,108)	794,099 (799,813)	- (-)	- (-)	10,393,020 (9,598,921)
Provision for Water Cess	6,183,200 (6,183,200)	- (-)	- (-)	- (-)	6,183,200 (6,183,200)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

**2.28.1 (i).** Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 33,409,583 (Rs 31,065,141), 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 10,393,020 (Rs. 9,598,921) as a matter of abundant caution and the balance amount of Rs. 23,016,563 ( Rs 21,466,220) has been disclosed as a contingent liability. Further the Central Excise authorities have issued show cause notices relating to CENVAT Credit for Rs 623,430 ( Rs 115,720 ). In the opinion of the management, no provision is considered necessary for the same and has accordingly been disclosed as contingent liability.

### 2.28.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note <b>2.28.2(i)</b> ]	67,049,358	67,049,358
b. Value Added Tax/ CST [See Note <b>2.28.2(ii)</b> ]	36,775,140	1,237,334
c. Excise Duty [See Note <b>2.28.1(i)</b> ]	23,639,993	21,581,940
d. Water Cess [See Note <b>2.28.2(iii)</b> ]	65,301,200	65,301,200
2. Foreign Bills Discounted	231,983,217	239,148,923
3. Domestic Bills Discounted	7,994,250	1,632,000
4. Counter Guarantee issued in favour of bankers	9,048,426	6,352,152
5. Corporate guarantee issued in favour of Subsidiary Company Reva Proteins Limited. - Amount outstanding	131,245,832	156,250,000
[ Amount of Guarantee - Rs 200,000,000 ( Rs 200,000,000 ) ]		
<b>Total</b>	<b>573,037,416</b>	<b>558,552,907</b>

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

**2.28.2 (ii)** The Value Added Tax / CST authorities had raised demands on assessment for an earlier year amounting to Rs 36,775,140 ( Rs 1,237,334 ) which had been disputed by the Company on appeal. Based on legal advice, no provision is considered necessary towards the said claims and the amount involved is disclosed as contingent liability.

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

The company had also made a representation to the Secretary (Water Resources), Government of Kerala which is pending consideration of the Government. Pursuant to discussions with Government authorities, the company had entered into an agreement for payment of such charges for the periods subsequent to 01.01.2011. Further, a provision of Rs 61,83,200 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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

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. 30,470,888 (Rs.32,010,596)

**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. 3,520,000 (Rs. 12,560,000) which is required to be fulfilled at different dates until 2020. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

b. In respect of Raw materials imported at concessional rate of duty under the Advance Authorisation Scheme, the Company has an export obligation of approximately Rs. 336,030,000 (Rs. 162,549,000) which is required to be fulfilled at different dates until 2016. 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 31.03.2015			As at 31.03.2014		
	\$	Rupees	Fair Value (Rupees)	\$	Rupees	Fair Value Rupees
Export receivables	215,330	13,389,219	13,942,692	-	-	-
Export transactions	12,041,768	767,924,955	791,403,126	-	-	-

**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.

Particulars	As at 31.03.2015		As at 31.03.2014	
	Notional \$	Gain/(Loss) Rupees	Notional \$	Gain/(Loss) Rupees
<b>Export transactions</b>				
Not later than three months	3,205,668	7,222,727	-	-
Later than three months and not later than six months	3,736,100	9,250,556	-	-
Later than six months and not later than one year	5,100,000	7,004,888	-	-
<b>Total</b>	<b>12,041,768</b>	<b>23,478,171</b>	<b>-</b>	<b>-</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	\$	Rupees	\$	Rupees
Receivables	215,330	13,389,219	-	-

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

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	FC	Rupees	FC	Rupees
<b>Receivables</b>				
USD	775,151	48,198,865	482,252	28,602,391
EURO	97,620	6,524,921	68,320	5,551,016
GBP	64,000	5,859,840	114,070	11,214,222
<b>Payables</b>				
USD	2,380,953	150,136,794	245,036	14,822,170
CAD	33,500	1,827,359	6,700	367,629
EURO	17,888	1,223,897	13,988	1,167,718
Japanese YEN	24,768,224	13,129,791	3,000,000	1,831,950

### 2.33 Turnover and Opening and Closing stock

Particulars	Sales Rupees	Closing Inventory Rupees		Opening Inventory Rupees	
		FG	WIP	FG	WIP
		Ossein	773,042,567 (667,135,026)	46,648,719 (34,580,813)	
Dicalcium Phosphate	571,310,275 (535,876,010)	3,597,297 (10,378,565)		10,378,565 (1,736,283)	
Gelatin	1,795,850,327 (1,348,553,978)	22,100,602 (13,323,158)	234,421,184 (233,438,845)	13,323,158 (7,110,348)	233,438,845 (189,600,956)
Collagen Peptide	272,947,848 (194,238,816)	40,363,284 (52,290,246)		52,290,246 (54,126,047)	- -
Others	91,709,520 (71,631,599)	7,121,417 (6,553,330)	21,009,685 (23,330,628)	6,553,330 (6,302,122)	23,330,628 (20,437,168)
	<b>3,504,860,537</b> <b>(2,817,435,429)</b>	<b>119,831,319</b> <b>(117,126,112)</b>	<b>255,430,869</b> <b>(256,769,473)</b>	<b>117,126,112</b> <b>(95,566,862)</b>	<b>256,769,473</b> <b>(210,038,124)</b>

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

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	Quantity (MT)	Value (Rs)	Quantity (MT)	Value (Rs.)
Crushed Bone	44,950	1,491,271,204	41,353	1,135,687,726
Ossein	807	131,043,748	681	97,246,495
Hydrochloric Acid	43,773	78,445,206	41,934	91,532,501
Hydrated Lime	6,885	56,325,620	5,902	42,761,849

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)**

Limed Ossein	42	7,345,522	-	-
Others	-	227,618,720	-	157,692,282
		<b>1,992,050,020</b>		<b>1,524,920,853</b>

**2.35 Breakup of Consumption**

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	%	Amount (Rs.)	%	Amount (Rs.)
<b>Raw Materials</b>				
Imported	5.21	103,735,099	4.28	65,339,514
Indigenous	94.79	1,888,314,921	95.72	1,459,581,339
<b>Total</b>	<b>100.00</b>	<b>1,992,050,020</b>	<b>100.00</b>	<b>1,524,920,853</b>
<b>Stores &amp; Spares *</b>				
Imported	5.11	5,793,415	7.61	9,175,707
Indigenous	94.89	107,586,888	92.39	111,411,426
<b>Total</b>	<b>100.00</b>	<b>113,380,303</b>	<b>100.00</b>	<b>120,587,133</b>
*Debited under Stores & Spares Consumed		58,954,493		51,146,634
*Debited under Repairs & Maintenance		54,425,810		69,440,499
		<b>113,380,303</b>		<b>120,587,133</b>

**2.36 CIF Value of Imports**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	Rupees	Rupees
Raw Materials	118,873,619	43,811,364
Traded Gelatin	-	9,921,907
Packing Materials	949,659	2,602,881
Components, Stores and Spares	5,320,745	9,681,392
Capital Goods	-	8,001,602
	<b>125,144,023</b>	<b>74,019,146</b>

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

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
	Rupees	Rupees
Professional, Consultation fee and Interest	5,176,412	4,055,624
Other Matters (including travel)	26,171,990	19,327,486
	<b>31,348,402</b>	<b>23,383,110</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)

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

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
i. No. of non-resident shareholders to whom dividend was remitted	-	1
ii. No. of shares held by them	-	3,900,300
iii. Year to which the dividend related	-	2012-13
iv. Amount remitted (Rupees)	-	15,601,200

### 2.39 Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Export of goods calculated on FOB basis	1,827,480,761	1,629,610,667
Commission	5,617,385	-
	<b>1,833,098,146</b>	<b>1,629,610,667</b>

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

For and on behalf of the Board of Directors

As per our report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

Place: Kochi  
Date: 09.05.2015

P. H. KURIAN IAS  
Chairman  
DIN : 00027596

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. KEIJI SUZUKI  
Director  
DIN : 02221545

K. MURALEEDHARAN NAIR  
Chief Financial Officer

T. YAMAKI  
Director  
DIN : 02669053

A. K. NAIR  
Director  
DIN : 00009148

G. RAJESH KURUP  
Company Secretary



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Nitta Gelatin India Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nitta Gelatin India Limited (hereinafter referred to as "the Holding Company") and its two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Other Matters

As states in Note 1(a), as per information available to the company, the associate enterprise M/s K. K. Organics Private Limited is a dormant company and financial statements for the current year and preceding year are not available. In an earlier year, the company has made full provision towards permanent diminution in the value of investments made in the said company and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard- 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules 2006 and has hence not been considered for consolidation purpose.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss,

and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the respective companies as on 31st March, 2015 taken on record by the Board of Directors of such companies none of the directors of the Group companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 2.30, Note 2.19.1 and 2.19.2 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies.

For VARMA & VARMA  
(FRN : 004532S)

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

Place : Kochi-19  
Date : 09.05.2015

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED AND ITS TWO SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2015**

1. (a) The respective companies have 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 of the respective companies during the year, which, in our opinion is reasonable having regard to the size of the respective companies and the nature of their assets and that no material discrepancies have been noticed on such verification.
2. (a) We are informed that the physical verification of inventory has been conducted by the management of the respective companies at reasonable intervals, having regard to the size of the respective companies and the nature of their 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 respective companies and the nature of their business.  
  
(c) In our opinion and according to the information and explanation given to us, the respective companies are maintaining proper records of inventory and discrepancies noticed on physical verification were properly dealt with in the books of account by the management of the respective companies.
3. According to the information and explanations given to us, the holding company and subsidiary companies have not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 189 of the Companies Act, 2013. Accordingly, the reporting requirements under clauses (iii) (a) and (iii) (b) of the paragraph 3 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system in the holding company and subsidiary companies, commensurate with the size of the respective companies and nature of their business for the purchase of inventory and fixed assets and for sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, the holding company and subsidiary companies have not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the holding company and subsidiary companies at this stage.
7. (a) As per the information and explanations furnished to us, the respective companies have been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service

Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues, as applicable to the respective companies with the appropriate authorities during the year.

There are no arrears of undisputed statutory dues outstanding relating to the respective companies at the last day of the financial year for a period of more than six months from the

date on which they become payable.

(b) According to the information and explanations given to us and the records of the Holding Company examined by us, the following disputed amounts have not been deposited with the authorities as at 31st March 2015 by the Holding Company 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	804.52 (Net of Rs 120.92 lakhs paid under protest)	2008-09 (AY 2009-10) to 2010-11 (AY 2011-12)	Commissioner Income Tax (Appeals)
Value Added Tax	Maharashtra Value Added Tax Act, 2002	0.58 (Net of Rs 0.11 lakhs paid under protest)	2009-10	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax	Central Sales Tax Act, 1956	349.68 (Net of Rs. 5 lakhs paid under protest)	2009-10	Deputy Commissioner of Sales Tax (Appeals)

According to the information and explanations given to us, there were no disputed amounts of taxes and duties outstanding to be deposited with appropriate authorities by the subsidiary companies as at 31st March 2015.

(c) According to the information and explanations given to us and the records of the Holding Company examined by us, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder has been transferred to such fund within time.

According to the information and explanations given to us, there are no amounts required to be transferred to Investor Education and Protection Fund by the subsidiary companies.

8. The Group does not have any accumulated

losses as at the end of the financial year on a consolidated basis and the Group has not incurred cash losses on a consolidated basis in the current financial year and in the immediately preceding financial year.

9. In our opinion and according to the information and explanations given to us and the records of the Holding Company and subsidiary company M/s Reva Proteins Limited examined by us, the respective companies have not defaulted in repayment of dues to the financial institution or banks.

According to the information and explanations given to us the subsidiary company M/s Bamni Proteins Limited has not taken loans from financial institutions or banks.

10. According to the information and explanations given to us, the Holding Company and subsidiary companies have not given guarantees for loans taken by others outside of the Group from banks and financial institutions.

11. According to the information and explanations given to us and the records of the Holding Company and subsidiary company M/s Reva Proteins Limited examined by us, the term loans availed by the respective companies have been applied for the purpose for which the loans were obtained.

According to the information and explanations given to us the subsidiary company M/s Bamni Proteins Limited has not availed any term loans.

12. During the course of our examination of the books and records of the respective companies, carried out in accordance with

generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the respective companies, noticed or reported during the year, nor have been informed of such case by the Management of the respective companies.

For VARMA & VARMA  
(FRN : 004532S)

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

Place: Kochi -19

Date:09.05.2015

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2015**

Particulars	Note No.	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a. Share Capital	2.02	90,791,600	90,791,600
b. Reserves and Surplus	2.03	990,817,153	996,053,553
c. Minority Interest	2.04	59,638,561	81,320,975
<b>2 Non-current liabilities</b>			
a. Long-term borrowings	2.05	188,283,092	221,225,775
b. Deferred tax liabilities (Net)	2.06	60,811,827	36,004,000
c. Long-term provisions	2.07	38,897,979	34,028,524
<b>3 Current Liabilities</b>			
a. Short-term borrowings	2.08	422,062,717	427,155,001
b. Trade payables	2.09	278,690,724	291,276,799
c. Other current liabilities	2.10	58,771,005	61,013,760
d. Short-term provisions	2.11	39,736,726	26,015,862
<b>Total</b>		<b>2,228,501,384</b>	<b>2,264,885,849</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
a. Fixed Assets	2.12		
i. Tangible Assets		1,174,853,291	1,247,663,287
ii. Intangible Assets		2,305,224	6,147,130
iii. Capital work-in-progress		88,039,539	85,826,473
b. Non-current investments	2.13	7,679,800	8,179,800
c. Long-term loans and advances	2.14	41,368,376	36,251,618
d. Other Non-current assets	2.15	300,000	-
<b>2 Current Assets</b>			
a. Inventories	2.16	550,355,063	525,722,023
b. Trade Receivables	2.17	221,781,708	222,875,290
c. Cash and Cash Equivalents	2.18	18,313,610	14,165,990
d. Short-term loans and advances	2.19	40,294,910	61,368,091
e. Other Current Assets	2.20	83,209,863	56,686,147
<b>Total</b>		<b>2,228,501,384</b>	<b>2,264,885,849</b>

Significant Accounting Policies and Notes on Accounts

1&amp;2

For and on behalf of the Board of Directors

As per our report of  
even date attachedFor VARMA & VARMA  
(FRN: 004532S)(VIJAY NARAYAN GOVIND)  
PartnerCHARTERED ACCOUNTANTS  
Membership No. 203094P. H. KURIAN IAS  
Chairman  
DIN : 00027596RADHA UNNI  
Director  
DIN : 03242769K. L. KUMAR  
Director  
DIN : 00004804SAJIV K. MENON  
Managing Director  
DIN : 00168228DR. KEIJI SUZUKI  
Director  
DIN : 02221545K. MURALEEDHARAN NAIR  
Chief Financial OfficerT. YAMAKI  
Director  
DIN : 02669053A. K. NAIR  
Director  
DIN : 00009148G. RAJESH KURUP  
Company SecretaryPlace: Kochi  
Date: 09.05.2015

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

Particulars	Note No.	Year ended 31.03.2015 Rupees	Year ended 31.03.2014 Rupees
<b>Income</b>			
I. Revenue from operations (gross)	2.21	3,700,988,518	2,972,365,726
<b>Less</b> : Excise duty		126,687,199	79,903,486
Revenue from operations (net)		<b>3,574,301,319</b>	<b>2,892,462,240</b>
II. Other Income	2.22	20,973,558	2,746,624
III. <b>Total Revenue</b>		<b>3,595,274,877</b>	<b>2,895,208,864</b>
IV. Expenses:			
a. Cost of materials consumed	2.23	2,002,579,884	1,524,920,853
b. Purchases of stock-in-trade		-	9,921,907
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.24	(1,366,603)	(68,290,599)
d. Employee benefits expense	2.25	280,554,947	245,675,898
e. Finance costs	2.26	92,702,193	75,311,657
f. Depreciation and amortisation expense	2.12	143,323,708	165,160,425
g. Other expenses	2.27	1,063,586,821	1,027,931,964
<b>Total Expenses</b>		<b>3,581,380,950</b>	<b>2,980,632,105</b>
V. <b>Profit / (Loss) before tax (III-IV)</b>		<b>13,893,927</b>	<b>(85,423,241)</b>
VI. Tax expense:			
a. Current tax		22,900,000	4,100,000
Less : Mat Credit Entitlement		-	(550,939)
b. Tax for earlier years		1,100,000	6,171,097
c. Deferred tax		25,752,000	(29,684,000)
VII. <b>Profit / (Loss) for the period (V - VI)</b>		<b>(35,858,073)</b>	<b>(65,459,399)</b>
VIII. Less: Share of Profit/(Loss) of Subsidiaries for the year transferred to Minority Interest		<b>(21,682,415)</b>	<b>(4,604,742)</b>
IX. <b>Profit / (Loss) for the period after Minority Interest</b>		<b>(14,175,658)</b>	<b>(60,854,657)</b>
X. <b>Earnings per equity share:</b>	2.28		
Nominal value of share Rs. 10/- (Rs. 10/-)			
a. Basic		<b>(1.56)</b>	<b>(6.72)</b>
b. Diluted		<b>(1.56)</b>	<b>(6.72)</b>

Significant Accounting Policies and Notes on Accounts

1&2

For and on behalf of the Board of Directors

As per our report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

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

P. H. KURIAN IAS  
Chairman  
DIN : 00027596

RADHA UNNI  
Director  
DIN : 03242769

K. L. KUMAR  
Director  
DIN : 00004804

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. KEIJI SUZUKI  
Director  
DIN : 02221545

K. MURALEEDHARAN NAIR  
Chief Financial Officer

T. YAMAKI  
Director  
DIN : 02669053

A. K. NAIR  
Director  
DIN : 00009148

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2015

**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

	For the Year Ended 31.03.2015 Rupees	For the Year Ended 31.03.2014 Rupees
<b>A. Cash Flows from Operating Activities</b>		
Net Profit / (Loss) before Tax & Extraordinary Items	<b>13,893,927</b>	<b>(85,423,241)</b>
Adjustments for:		
Depreciation	143,323,708	165,160,425
(Profit)/Loss on sale of fixed assets	1,602,063	144,085
Interest Expenditure	92,702,193	75,311,657
Interest Income	(1,452,917)	(2,476,242)
Dividend Received	-	(17,430)
Foreign Exchange (Gain)/Loss	(2,192,444)	(957,880)
Provision for Doubtful debts	4,031,836	(9,472)
Provision for claims disputed	2,232,132	-
Provision for Investments	500,000	-
Expense on Employees Stock Purchase scheme	-	12,590,000
	<u>240,746,571</u>	<u>249,745,143</u>
Operating Profit / (Loss) before Working Capital Changes	254,640,498	164,321,902
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	13,972,710	18,892,406
(Increase)/Decrease in Inventories	(24,633,040)	13,753,942
Increase/(Decrease) in Trade/ other payables	(9,641,023)	62,359,979
	<u>(20,301,353)</u>	<u>95,006,327</u>
<b>Cash generated from Operations</b>	<u>234,339,145</u>	<u>259,328,229</u>
Direct Taxes	(29,725,284)	(24,266,187)
Cash Flow Before Extraordinary Items	204,613,861	235,062,042
Extraordinary Items	-	-
<b>Net Cash from/(used) in Operating Activities</b>	<u><b>204,613,861</b></u>	<u><b>235,062,042</b></u>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(83,985,980)	(247,223,307)
Sale of Fixed Assets	285,845	100,527
Interest Received	1,624,742	1,991,071
Dividend Received	-	17,430
<b>Net Cash from/(used) in Investing Activities</b>	<u><b>(82,075,393)</b></u>	<u><b>(245,114,279)</b></u>
<b>C. Cash Flows from Financing Activities</b>		
Dividend Paid	(155,977)	(33,247,735)
Corporate Dividend Tax	-	(5,710,320)
Proceeds from issue of shares ( See Note 3 below )	-	5,000,000
Increase/(Decrease) in Short Term Borrowings	(3,248,603)	36,222,747
Increase/(Decrease) in Long Term Borrowings	(22,442,683)	75,490,376
Interest Paid	(92,543,585)	(74,680,661)
<b>Net Cash from/(used) in Financing Activities</b>	<u><b>(118,390,848)</b></u>	<u><b>3,074,407</b></u>



**NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

	For the Year Ended 31.03.2015 Rupees	For the Year Ended 31.03.2014 Rupees
<b>Summary</b>		
<b>Net Cash from/(used) in Operating Activities</b>	<b>204,613,861</b>	<b>235,062,042</b>
<b>Net Cash from/(used) in Investing Activities</b>	<b>(82,075,393)</b>	<b>(245,114,279)</b>
<b>Net Cash from/(used) in Financing Activities</b>	<b>(118,390,848)</b>	<b>3,074,407</b>
<b>Net Increase/(Decrease) in Cash Equivalents</b>	<b>4,147,620</b>	<b>(6,977,830)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>14,165,990</b>	<b>21,143,820</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>18,313,610</b>	<b>14,165,990</b>
	<b>4,147,620</b>	<b>(6,977,830)</b>

Note :

- Cash and cash equivalents at the end of the year includes Rs. 6,556,468 (Rs.3,287,919) under lien and Rs 1,637,105 (Rs. 1,793,682) deposited in unclaimed dividend account which are earmarked for payment of dividend.
- Cash and Cash equivalents include balance with bank deposit accounts Rs. Nil (Rs.71,984) 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 Nil ( Rs 12,590,000 ) and issue of bonus shares during the current year amounting to Rs Nil ( Rs 5,791,600 ) have not been included in the cash flow statement, being non cash transactions.

For and on behalf of the Board of Directors

As per our separate report of  
even date attached

For VARMA & VARMA  
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)  
Partner

CHARTERED ACCOUNTANTS  
Membership No. 203094

P. H. KURIAN IAS  
Chairman  
DIN : 00027596

RADHA UNNI  
Director  
DIN : 03242769

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Director  
DIN : 02669053

A. K. NAIR  
Director  
DIN : 00009148

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 09.05.2015

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### 1. Significant Accounting Policies

#### a Basis of Preparation

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

As per information available to the company, the associate enterprise M/s K.K. Organics Private Limited is a dormant company and financial statements for the current year and preceding year are not available. In an earlier year, the company has made full provision towards permanent diminution in the value of investments made in the said company and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard - 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules, 2006 and has hence not been considered for consolidation purpose.

#### b Basis of Accounting

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

#### 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

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

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)**

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

In the case of the subsidiary Reva Proteins Limited

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

### **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.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 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 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.

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)**

### **I 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.

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.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 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. 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

**2.01** Nitta Gelatin India Limited has controlling interest in the following entities during the year ended 31.03.2015 :

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

### 2.02 Share Capital:

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Authorised:</b>		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued and Subscribed and fully paid:</b>		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- each	90,791,600	90,791,600
	<b>90,791,600</b>	<b>90,791,600</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Rupees	Number	Rupees
As at the beginning of the financial year	9,079,160	90,791,600	8,400,000	84,000,000
Add : Issue of Bonus shares [See Note <b>2.02.1</b> ]	-	-	579,160	5,791,600
Add : Issue of shares under ESPS Scheme [See Note <b>2.02.1</b> ]			100,000	1,000,000
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600

**2.02.1** In order to comply with the Minimum Public Shareholding (MPS) to 25% as required under Securities Contracts Regulations (Rules) 1957, during the preceding year, pursuant to a resolution passed at the Extra Ordinary General Meeting (EGM) of the company held on 29.05.2013, the company had allotted 100,000 equity shares at Rs. 50/- per equity share of face value of Rs. 10/- each to employees under an Employee Stock Purchase Scheme (ESPS) and bonus shares in the ratio of 1:3 (5,79,160 equity shares) only to the public shareholders, excluding the promoters.

On 17th June 2013, one of the promoter shareholders M/s Kerala State Industrial Development Corporation (KSIDC) Ltd 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 forgo 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 adopting a special resolution in partial modification of the resolution in EGM dated 29th May 2013, to allot 22, 54, 173 Bonus shares to Promoter shareholders and 6, 96,667 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 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 was unable to act on the resolution passed at the EGM held on 24-08-2013 and to allot 22, 54, 173 Bonus shares to Promoter shareholders (in the ratio 1:3) and 6, 96,667 shares to employees under ESPS scheme as per resolutions adopted therein and hence no adjustment in this regard was made in the accounts for the preceding year ending

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

31.03.2014. Based on legal opinion received, the company had filed an appeal against the order of SEBI as above before Securities Appellate Tribunal (SAT). During the year, the Securities Appellate Tribunal has dismissed the company's appeal on the above matter and based on the legal opinion that any appeal before the supreme court against the SAT order is not warranted, the Board of directors has decided not to pursue the matter further.

Consequently, the allotment of the above bonus shares and equity shares under an Employee Stock Purchase Scheme could not be made.

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	%	No. of shares	%	No. of shares
Nitta Gelatin Inc, Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220

### Terms/ Rights attached to Equity Shares

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

### 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 31.03.2015	As at 31.03.2014
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

### 2.03 Reserves and Surplus

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Securities Premium Reserve</b>	306,768,715	290,178,715
Add: Additions during the year on account of shares issued under ESPS Scheme	-	16,590,000
<b>Closing Balance</b>	<b>306,768,715</b>	<b>306,768,715</b>
<b>Capital Investment Subsidy</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Special Export Reserve</b> (under the Income Tax Act, 1961)	<b>7,900,000</b>	<b>7,900,000</b>



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

<b>General Reserve</b>		
Opening Balance	635,464,400	641,256,000
Add: Transfer from Surplus	28,200,000	-
Less : Capitalised on issue of Bonus shares	-	5,791,600
<b>Closing Balance</b>	<b>663,664,400</b>	<b>635,464,400</b>
<b>Hedge Equalisation Reserve</b>		
Opening Balance	-	4,785,189
Add: Net gain / ( loss ) recognised on cash flow hedges	25,264,976	(44,838,261)
Less: Net gain / ( loss ) reclassified to Statement of Profit and Loss during the year	1,786,805	(40,053,072)
	<b>23,478,171</b>	<b>-</b>
<b>Surplus</b>		
Opening Balance	44,420,438	105,275,095
Add: Profit / ( loss ) for the period after Minority Interest transferred from the Statement of Profit and Loss	(14,175,658)	(60,854,657)
Less: Adjustments for assets having no remaining useful lives [See Note 2.12.2]	3,611,418	
<b>Amount available for Appropriation</b>	<b>26,633,362</b>	<b>44,420,438</b>
Less: Appropriations		
Transfer to General Reserve	28,200,000	-
Proposed Dividend [See Note 2.03.1]	9,079,160	-
Tax on proposed Dividend	1,848,335	-
<b>Closing Balance</b>	<b>(12,494,133 )</b>	<b>44,420,438</b>
	<b>990,817,153</b>	<b>996,053,553</b>

**2.03.1** Final dividend of Re 1 (nil) per share proposed by the Board of Directors is subject to approval of share holders in the ensuing Annual General Meeting

### 2.04 Minority Interest

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 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	(29,000,309)	(24,395,568)
	81,320,976	85,925,717
Add: Profit/(Loss) of subsidiaries for the year transferred from Statement of Profit and Loss	(21,682,415)	(4,604,742)
	<b>59,638,561</b>	<b>81,320,975</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 2.05 Long-term Borrowings

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Secured:</b>		
Nitta Gelatin India Limited		
Term Loans		
From State Bank of India [ See Note <b>2.05.1</b> ]	49,950,304	54,397,149
From Canara Bank [ See Note <b>2.05.2</b> ]	32,086,956	35,578,626
Reva Proteins Limited		
From Financial Institutions :		
- Kerala State Industrial Development Corporation [See Note <b>2.05.3</b> ]	106,245,832	131,250,000
	<b>188,283,092</b>	<b>221,225,775</b>

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

**2.05.2** Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly instalments of Rs 22,50,000 starting from December 2014. The interest rate is Base Rate + 3.00 %

**2.05.3** 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.

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

### 2.06 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>A. Deferred Tax Liability</b>		
On excess of net book value over Income tax written down value of fixed assets	87,367,827	83,624,000
Timing differences on assessment of income	7,704,000	7,805,000

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### B. Deferred Tax Assets

On Provisions	7,222,000	7,526,000
On unabsorbed depreciation	-	27,277,000
On other disallowances	27,038,000	20,622,000
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>60,811,827</b>	<b>36,004,000</b>

In the case of subsidiary companies: In terms of the accounting standard on Accounting for Taxes on Income (AS 22), 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 .

### 2.07 Long-term Provisions

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Provision for Employee Benefits [See Note 2.07.1]	38,897,979	34,028,524
	<b>38,897,979</b>	<b>34,028,524</b>

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

##### a. Defined Contribution Plans

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

Particulars	Company Rupees	Subsidiaries Rupees
Employers contribution to Provident Fund	12,975,763	3,340,540
	(11,863,522)	(3,213,128)
Employers contribution to Employee's State Insurance	405,531	-
	(867,471)	-

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

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	7.80%	7.80%-8%
	(9.10%)	(9.10%-8%)
Expected return on plan assets	8.75%	-
	(9.25%)	-
Salary escalation rate*	5.00%	4.00%-5.00%
	(5.00%)	(4.00%-5.00%)
Mortality rate	LIC (2006-2008) Ultimate	LIC (2006-2008) Ultimate/ IALM (1994-1996) Ultimate
	(LIC (2006-2008) Ultimate)	[LIC (2006-2008) Ultimate/ IALM (1994-1996) Ultimate ]

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)**

<b>ii. Reconciliation of present value of obligation</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the beginning of the year	35,756,107 (38,885,727)	14,703,550 (14,618,853)
Current Service Cost	2,987,016 (2,650,885)	705,329 (691,374)
Interest Cost	3,135,804 (3,195,939)	1,229,121 (1,122,072)
Actuarial (gain)/ loss	5,449,192 (( 1,427,015))	1,409,150 ((435,577))
Benefits Paid	(2,593,447) ((7,548,629))	(2,313,585) ((1,293,172))
Present value of obligation at the end of the year	44,734,672 (35,756,107)	15,733,565 (14,703,550)
<b>iii. Reconciliation of fair value of plan assets</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Fair value of plan assets at the beginning of the year	38,144,915 (30,249,051)	- -
Expected return on plan assets	3,561,485 (2,996,398)	- -
Actuarial gain/ (loss)	(712,052) (610,595)	- -
Contributions to the fund	3,308,697 (8,000,000)	- -
Contributions towards direct benefit payments	- (3,837,500)	- -
Benefits paid	(2,593,447) ((3,711,129))	- -
Benefits paid directly	- (( 3,837,500))	- -
Fair value of plan assets at the end of the year	41,709,598 (38,144,915)	- -
<b>iv. Description of Plan Assets</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Insurer Managed Funds (LIC of India)	41,709,598 (38,144,915)	- -

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)**

<b>v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the end of the year	44,734,672 (35,756,107)	15,733,565 (14,703,550)
Fair value of plan assets at the end of the year	41,709,598 (38,144,915)	- -
Net present value of funded/ unfunded obligation recognized as (asset)/ liability in the Balance Sheet	3,025,074 ((2388808))	15,733,565 (14,703,550)

<b>vi. Expenses recognized in the Statement of Profit and Loss</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Current Service Cost	2,987,016 (2,650,885)	705,329 (691,374)
Interest Cost	3,135,804 (3,195,139)	1,229,121 (1,122,072)
Actuarial (gain)/ loss recognized in the period	6,161,244 ((2,037,610))	1,409,150 ((435,577))
Past Service Cost (if applicable)	- -	- -
Expected return on plan assets	(3,561,485) ((2,996,398))	- -
Total expenses recognized in the Statement of Profit and Loss for the year	8,722,579 (812,016)	3,343,600 (1,377,869)
Actual return on plan assets	2,849,433 (3,606,993)	- -

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

**c. Long Term Employee Benefits**

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

<b>i. Actuarial Assumptions</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Discount Rate (per annum)	7.80% (9.10%)	7.80%-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 (2006-2008) Ultimate)	LIC (2006-2008) Ultimate/ IALM (1994-1996) Ultimate  [ LIC (2006-2008) Ultimate/ IALM (1994-1996) Ultimate ]

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR  
THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)**

<b>ii. Reconciliation of present value of obligation</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the beginning of the year	18,108,478	3,270,801
	(20,603,718)	(2,891,588)
Current Service Cost	1,769,890	329,846
	(1,504,848)	(337,825)
Interest Cost	1,490,968	258,463
	(1,392,950)	(220,410)
Actuarial (gain)/ loss	4,901,463	880,806
	(1,420,571)	(232,917)
Benefits Paid	(3,448,410)	(861,934)
	6,813,609	411,939
Present value of obligation at the end of the year	22,822,389	3,877,982
	(18,108,478)	(3,270,801)
<b>iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Present value of obligation at the end of the year	22,822,389	3,877,982
	(18,108,478)	(3,270,801)
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	22,822,389	3,877,982
	(18,108,478)	(3,270,801)
<b>iv. Expenses recognized in the Statement of Profit and Loss</b>	<b>Company Rupees</b>	<b>Subsidiaries Rupees</b>
Current Service Cost	1,769,890	329,846
	(1,504,848)	(337,825)
Interest Cost	1,490,968	258,463
	(1,392,950)	(220,410)
Actuarial (gain)/ loss recognized in the period	4,901,463	880,806
	(1,420,571)	(232,917)
Past Service Cost (if applicable)	-	-
	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	8,162,321	1,469,115
	(4,318,369)	(791,152)

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 2.08 Short-term Borrowings

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Working Capital Loan from Banks (Secured) (See Note <b>2.08.1</b> )	422,062,717	420,155,001
Term Loan from Banks (Secured) (See Note <b>2.08.2</b> )	-	7,000,000
	<b>422,062,717</b>	<b>427,155,001</b>

**2.08.1** Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future and by way of pari passu charge on the fixed assets of the Company. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs. 16,022,915 (Nil) which is repayable within a period of 70 days to 90 days from the date of availment as per terms.

**2.08.2** 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 25,00,000 each commencing from the first quarter of the financial year 2014-15. The interest rate is Base Rate + 3.00 %.

### 2.09 Trade Payables

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Trade Payables</b> [See Note <b>2.09.1</b> ]	278,690,724	291,276,799
	<b>278,690,724</b>	<b>291,276,799</b>

**2.09.1** The Group has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2015, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 193,800 (Rs. 69,021) 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 31.03.2015 Rupees	As at 31.03.2014 Rupees
Current maturity of Long term borrowings [See Note no. <b>2.05.1, 2.05.2 &amp; 2.05.3</b> ]	46,000,000	35,500,000
Unpaid Dividend	1,637,705	1,793,682
Interest Accrued and due on borrowings	712,496	630,996
Interest Accrued but not due on borrowings	77,108	-
Other Payables -		
- Statutory Dues	5,863,760	13,780,082
- Advance from Customers	1,925,468	1,565,719
- Creditors for Capital Goods	622,291	6,957,707
- Other Recoveries Payable	1,588,039	681,110
- Deposits	344,138	104,464
	<b>58,771,005</b>	<b>61,013,760</b>

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

### 2.11 Short-term Provisions

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Provision for employee benefits [See Note <b>2.07.1</b> ]	6,561,031	2,054,305
Others		
- Proposed Dividend	9,079,160	-
- Corporate Dividend Tax	1,848,335	-
- Water Cess [See Note <b>2.31.2(iii)</b> ]	6,183,200	6,183,200
- Excise Duty	10,393,020	9,598,921
- Income Tax (net)	5,671,980	8,179,436
	<b>39,736,726</b>	<b>26,015,862</b>



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015 (CONTD.)**

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

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)					DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As at 01-04-2014	Additions	Disposals/ Adjustments	As at 31-03-2015	As at 01-04-2014	For the year (See Note 2.12.1 below)	Transition adjustment (See Note 2.12.2 below)	Disposal/ Adjustments	As at 31-03-2015	As at 31-03-2015 (See Note 2.12.3 below)	As at 31-03-2014
<b>FIXED ASSETS:</b>											
<b>(A) Tangible Assets</b>											
Land and Development	46,996,926 (40,025,076)	- (6,971,850)	- -	46,996,926 (46,996,926)	- -	- -	- -	- -	- -	- -	46,996,926 (40,025,076)
Leasehold Land	87,367,496	-	-	87,367,496	7,087,926	908,622	-	-	7,996,548	79,370,948	80,279,570
Buildings	480,566,570 (424,333,388)	7,419,684 (56,233,182)	148,469 -	487,837,785 (480,566,570)	215,156,709 (189,981,921)	(908,622) (23,174,788)	2,894,422	124,053	(7,087,926) 253,608,426	(80,279,570) 234,225,359	(81,188,192) 267,409,861
Plant & Equipment	1,904,747,393 (1,722,691,027)	62,717,975 (183,815,963)	12,583,166 (1,759,597)	1,954,882,202 (1,904,747,393)	1,065,696,819 (933,224,997)	94,006,060 (134,135,562)	268,337	11,262,124	1,148,709,092 (1,065,696,819)	806,173,110 (839,050,574)	839,050,574 (789,466,030)
Office Equipments	25,613,179 (23,420,551)	1,993,712 (2,545,654)	3,235,898 (353,026)	24,370,993 (25,613,179)	16,945,880 (14,934,482)	4,834,449 (2,215,688)	1,361,801	2,841,563	20,300,567 (16,945,880)	4,070,426 (8,667,299)	8,667,299 (8,486,069)
Furniture & Fittings	10,843,126 (10,533,565)	753,879 (309,561)	1,716,504 -	10,420,501 (10,843,126)	8,905,818 (8,356,763)	812,377 (549,055)	26,058	1,159,269	8,584,984 (8,905,818)	1,835,517 (1,937,308)	1,937,308 (2,176,802)
Vehicles	7,940,136 (7,940,136)	- -	- -	7,940,136 (7,940,136)	4,618,387 (3,457,950)	1,144,744 (1,160,437)	- -	- -	5,763,131 (4,618,387)	2,177,005 (3,321,749)	3,321,749 (4,482,186)
Total Tangible Assets	2,564,074,826 (2,316,311,239)	72,885,250 (249,876,210)	17,144,037 (2,112,623)	2,619,816,039 (2,564,074,826)	1,316,411,539 (1,156,135,417)	139,387,600 (162,144,132)	4,550,618	15,387,009	1,444,962,748 (1,316,411,539)	1,174,853,291 (1,247,663,287)	1,247,663,287 (1,160,175,822)
Previous Year											
<b>(B) Intangible Assets</b>											
Software	15,563,650 (13,032,851)	99,175 (2,530,799)	- -	15,662,825 (15,563,650)	9,416,520 (6,400,227)	3,936,108 (3,016,293)	4,973	-	13,357,601 (9,416,520)	2,305,224 (6,147,130)	6,147,130 (6,632,624)
Total Assets (A+B)	2,579,638,476 (2,329,344,090)	72,984,425 (252,407,009)	17,144,037 (2,112,623)	2,635,478,864 (2,579,638,476)	1,325,828,059 (1,162,535,644)	143,323,708 (165,160,425)	4,555,591	15,387,009	1,458,320,349 (1,325,828,059)	1,177,158,515 (1,253,810,417)	1,253,810,417 (1,166,808,446)
Previous Year											
<b>CAPITAL WORK IN PROGRESS:</b>											
Building under construction	822,538 (6,785,954)	7,929,120 (45,058,209)	5,838,359 (51,019,625)	2,913,299 (822,538)	2,913,299 (822,538)	-	-	-	-	2,913,299 (822,538)	822,538 (6,785,954)
Plant, Machinery and Equipment under installation [See Note 2.12.4]	85,003,935 (78,314,314)	60,794,377 (98,662,877)	60,672,072 (91,973,256)	85,126,240 (85,003,935)	85,126,240 (85,003,935)	-	-	-	85,126,240 (85,003,935)	85,126,240 (85,003,935)	85,003,935 (78,314,314)
- Finance charges	-	-	-	-	-	-	-	-	-	-	-
Less: Income on trial production (Net)	-	-	(3,523,569)	-	-	-	-	-	-	-	-
Total	85,826,473 (85,098,268)	68,723,497 (146,009,417)	66,510,431 (145,281,212)	88,039,539 (85,826,473)	88,039,539 (85,826,473)	-	-	-	88,039,539 (85,826,473)	88,039,539 (85,826,473)	85,826,473 (85,098,268)
Previous Year											

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

**2.12.1** Consequent to Schedule II of the Companies Act, 2013 becoming applicable with effect from 01.04.2014, depreciation for the year relating to the company and subsidiary M/s Bamni Proteins Limited has been provided on the basis of useful lives prescribed in Schedule II, except relating to Plant and Machinery (except for service equipment), for which useful life has been adopted on the basis of technical evaluation in an earlier year, and being consistently followed. This has an impact of increasing depreciation for the year by an amount of Rs 10,390,206/-.

In the case the subsidiary, M/s Reva Proteins Ltd., depreciation for the year has been provided on the basis of useful lives prescribed in the aforesaid Schedule II. As per an independent technical evaluation done by the said subsidiary company, useful lives of fixed assets are not lower than the lives adopted as per Schedule II. This has an impact of reducing depreciation for the year by an amount of Rs. 21,778,627/-.

Hence the consolidated depreciation for the year is lower by Rs. 11,388,421/-

**2.12.2** Transitional adjustments of Rs 4,555,591/- (Nil) represents the carrying amounts in respect of assets which have no remaining useful life as per Schedule II, and has been adjusted against the opening balance Retained Earnings at Rs. 3,611,418/- (net of deferred tax).

**2.12.3** Net Block of Tangible Assets include Assets held for sale as below :

a) Land	Rs. 25,232,939
b) Building	Rs. 24,043,007
c) Plant & Equipment	Rs. 6,680,095
d) Office Equipment	Rs. 83,078
d) Furniture	Rs. 64,988

**2.12.4** Adjustments during the year includes Rs. 1,25,17,676 (Nil) reclassified as assets held for sale under Other Current Assets.

**2.12.5** In view of business plans of the subsidiary M/s Reva Proteins Limited, which is expected to bring in positive cash flows in the near future and in view of the performance of the subsidiary M/s Bamni Proteins Limited as a cash generating unit during the year before exceptional item and the future potential of the business/industry, the management of the respective companies is of the opinion that, there is no impairment in the value of the fixed assets of the companies within the meaning of Accounting Standards - 28 on impairment of Assets as notified by companies (Accounting Standards) Rules, 2006.

### 2.13 Non-current Investments

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Investment in Equity Instruments (at Cost) - Long term Quoted ( Non Trade):</b>		
a. 4200 (420) Equity Shares of Rs.1/- ( 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
<b>Aggregate amount of quoted investments (A)</b>	<b>149,800</b>	<b>149,800</b>
Aggregate Market Value: Rs 11,24,735 (Rs. 808,341)		

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

**Unquoted (Trade):**
**a. In Associate companies [See Note 1(a)]**

i. 288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited.	2,880,000	2,880,000
<i>Less: Provision for diminution in value of investments</i>	(2,880,000)	(2,880,000)

**b. Others:**

i. 2400 (2400) 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
<i>Less: Provision for diminution in value of investments</i>	(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

**Aggregate amount of unquoted investments (B)**

	7,530,000	8,030,000
--	-----------	-----------

Aggregate provision for diminution in value of investments Rs. 3,380,000 (Rs. 2,880,000)

**Total Investments (A + B)**

	<b>7,679,800</b>	<b>8,179,800</b>
--	------------------	------------------

**2.14 Long-term Loans and Advances**

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Unsecured (Considered Good)</b>		
Capital Advance	5,057,337	2,735,148
Income Tax (net)	8,773,957	5,556,129
<b>Others</b>		
- Loan to employees	682,089	626,830
- Deposits	26,854,993	27,333,511
<b>Unsecured (Considered Doubtful)</b>		
Sales Tax Deposit	1,100,494	1,100,494
Less: Provision for doubtful deposits	(1,100,494)	(1,100,494)
	-	-
	<b>41,368,376</b>	<b>36,251,618</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 2.15 Other Non-Current Assets

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>Unsecured (Considered Good)</b>		
Balance with banks in deposit accounts ( held under lien towards bank guarantee ) [See Note 2.15.1]	300,000	-
	<b>300,000</b>	<b>-</b>

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

### 2.16 Inventories

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Raw Materials	100,392,588	75,834,912
Work-in-process	255,430,869	256,769,473
Finished Goods	119,831,319	117,126,112
Stores & Spares	68,665,101	69,914,032
Loose Tools	278,336	225,265
Others - Packing Materials	5,756,850	5,852,229
	<b>550,355,063</b>	<b>525,722,023</b>

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

### 2.17 Trade Receivables

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	3,918,157	3,334,993
Unsecured, Considered Doubtful	6,277,556	2,245,720
	10,195,713	5,580,713
Less: Provision for Doubtful Debts	6,277,556	2,245,720
	3,918,157	3,334,993
Others (Unsecured, Considered Good)	217,863,551	219,540,297
	<b>221,781,708</b>	<b>222,875,290</b>

### 2.18 Cash and Cash Equivalents

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Balance with Banks		
In Current Accounts ( See Note 2.18.1 )	10,855,430	9,274,060
In Deposit Accounts ( See Note 2.18.2 & 2.18.3 )	6,556,468	3,359,903
Cash on hand	901,712	1,532,027
	<b>18,313,610</b>	<b>14,165,990</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

- 2.18.1** Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 1,637,705 (Rs. 1,793,682)
- 2.18.2** Balance with banks in Deposit Accounts include Rs. 6,035,617 (Rs.3,287,919) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyer's Credit.
- 2.18.3** Balance with banks in Deposit Accounts include Rs. 5,20,851 (Rs.71,984) with a maturity period of more than 12 months, which are held as security against Letter of Credits / Guarantee and also includes amounts which can be withdrawn by the company at any time without penalty on principal

### 2.19 Short-term Loans and Advances

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
<b>(Unsecured, Considered Good)</b>		
Others:		
- Advances recoverable in cash or in kind or for value to be received.	33,147,151	47,870,287
- Loan to employees	314,927	424,588
- Deposits	551,107	213,016
- Balances with Central Excise, Customs etc.	6,281,725	12,860,200
	<b>40,294,910</b>	<b>61,368,091</b>

### 2.20 Other Current Assets

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
Interest Receivable	1,017,160	1,188,985
Assets held for sale [See Note <b>2.12.4</b> ]	12,517,676	-
Export Incentive: [ See Note <b>2.20.1 &amp; 2.20.2</b> ]	46,879,917	51,561,156
Less: Provision for Claims Disputed	9,090,768	6,858,636
	37,789,149	44,702,520
Mark to Market Gain (net) on forward contracts	24,031,644	-
Others	7,854,234	10,794,642
<b>Total</b>	<b>83,209,863</b>	<b>56,686,147</b>

**2.20.1** Export incentive receivable includes Duty Drawback claims amounting to Rs. 90,90,768 (Rs. 6,858,636) taken credit for in prior years not admitted by the Department. In respect of such claims amounting to Rs. 64,61,789 (Rs. 64,61,789) during an earlier year, a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Honourable High Court. In respect of such claims amounting to Rs.2,628,979 (396,487), the amounts have withheld by the Central Excise / Customs officials, against which representations have been made before higher authorities. Though the company is hopeful of favourable decisions, provision has been created in the accounts as a matter of abundant caution.

**2.20.2** Export incentive receivable includes claims under Duty Entitlement Pass Book (DEPB) Scheme accounted as income for earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods of Rs 41,51,031 (Rs 41,51,031). The Dy. Director General of

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. The management is of the opinion that these claims are fully recoverable, and no provision is considered necessary at this stage.

### 2.21 Revenue from operations

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
<b>Sale of Products</b>		
Gross Sales	3,631,547,736	2,897,338,915
<b>Other Operating Revenues</b>		
Miscellaneous Sales	38,097,102	50,186,224
Export Incentive [See Note 2.20.2]	24,840,365	24,806,999
Provision / sundry balances written back	885,930	33,588
Other Miscellaneous Income	5,617,385	-
	<b>69,440,782</b>	<b>75,026,811</b>
	<b>3,700,988,518</b>	<b>2,972,365,726</b>
Less: Excise Duty collected on domestic sales	126,687,199	79,903,486
	<b>3,574,301,319</b>	<b>2,892,462,240</b>

### 2.22 Other Income

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest Income	1,452,917	2,476,242
Dividend Income from Non Current Investments	-	17,430
Foreign Exchange Rate Variation (net)	19,360,654	-
Other non operating Income	159,987	252,952
	<b>20,973,558</b>	<b>2,746,624</b>

### 2.23 Cost of materials consumed

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Opening Stock	75,834,912	151,200,521
Add: Purchases	2,027,137,560	1,449,555,244
	<b>2,102,972,472</b>	<b>1,600,755,765</b>
Less: Closing Stock	100,392,588	75,834,912
	<b>2,002,579,884</b>	<b>1,524,920,853</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

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

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>Closing Stock</b>		
Finished Goods	119,831,319	117,126,112
Work-in-process	255,430,869	256,769,473
	<b>375,262,188</b>	<b>373,895,585</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	117,126,112	95,566,862
Work-in-process	256,769,473	210,038,124
	<b>373,895,585</b>	<b>305,604,986</b>
	<b>1,366,603</b>	<b>68,290,599</b>

### 2.25 Employee benefits expense

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries and Wages	223,400,131	184,113,093
Contribution to Provident and Other Funds	25,461,521	16,773,675
Expense on Employees Stock Purchase scheme	-	12,590,000
Workmen and Staff Welfare Expenses	31,693,295	32,199,130
	<b>280,554,947</b>	<b>245,675,898</b>

### 2.26 Finance costs

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Interest Expense	92,702,193	75,311,657
	<b>92,702,193</b>	<b>75,311,657</b>

### 2.27 Other Expenses

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Conversion charges	-	13,036,833
Consumption of Stores, Spares & Consumables	68,189,119	58,322,573
Packing materials Consumed	46,899,473	36,936,358
Research & Development Expenditure [See Note 2.27.1]	4,971,709	28,739,881
Power, Fuel, Water & Gas	458,103,075	385,822,757
Repairs		
- Building	10,399,667	7,205,382
- Plant & Machinery	88,860,488	119,613,789

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

- Others	40,480,242	31,128,918
Loading, Transportation and Other charges on products	68,549,992	67,640,935
Freight on Exports	18,630,934	14,001,607
Insurance	8,265,329	7,900,956
Rent	4,341,498	5,170,479
Rates & Taxes	13,345,005	8,498,573
Postage & Telephone	5,713,847	5,839,489
Printing & Stationery	2,153,688	2,730,740
Travelling & Conveyance	35,336,252	43,058,916
Director's sitting fee	864,000	958,000
Payments to the Auditor [See Note 2.27.2]	1,980,246	1,767,312
Advertisement & Publicity	2,772,079	17,777,392
Discount & Commission on Sales	36,877,541	26,808,819
Professional & Consultancy charges	37,111,940	50,064,332
Bank Charges	5,279,351	5,032,028
Miscellaneous Expenses [See Note 2.27.3]	102,859,283	64,379,537
Loss on sale of assets (Net)	1,602,063	144,085
Foreign Exchange rate variation (Net)	-	25,352,273
	<b>1,063,586,821</b>	<b>1,027,931,964</b>

### 2.27.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
Revenue Expenditure		
Salary & Allowances	2,945,683	4,245,503
Other Expenses	2,026,026	24,494,378
	<b>4,971,709</b>	<b>28,739,881</b>
Capital Expenditure - Fixed assets	715,786	1,489,846
- Capital Work in Progress	30,123,261	26,827,633
	<b>35,810,756</b>	<b>57,057,360</b>

### 2.27.2 Details of payments to the Auditor

Particulars	For the year ended 31.03.2015 Rupees	For the year ended 31.03.2014 Rupees
a. Statutory Audit Fees	975,000	975,000
b. Other Services		
Taxation Matters (Including Tax Audit)	466,620	442,434
Others	525,523	313,061
Reimbursement of Expenses	13,103	36,817
	<b>1,980,246</b>	<b>1,767,312</b>



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

**2.27.3** Miscellaneous expenses include Rs. 1,786,059/- incurred as expenditure towards Corporate Social Responsibility activities. The expenditure includes contributions made to trust controlled by the company as shown in Note 2.29.

### 2.28 Earnings per equity share

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Net Profit /(Loss) after taxation (Rupees)	(14,175,658)	(60,854,657)
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up)	9,079,160	9,059,708
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,079,160	9,059,708
<b>Earnings per share - Basic &amp; Diluted (Rupees)</b>	<b>(1.56)</b>	<b>(6.72 )</b>

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

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

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

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

##### iii. Associate Company

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

##### iv. Key Managerial Personnel

- |                       |   |   |
|-----------------------|---|---|
| a. Mr. Sajiv K. Menon | - | Managing Director<br>Nitta Gelatin India Limited (Holding Company)<br>( from 01.04.2014 )   |
| b. Mr. Takeo Yamaki   | - | Whole Time Director<br>Nitta Gelatin India Limited (Holding Company)<br>(w.e.f. 11.07.2014) |
| c. Mr. C. Srikumar    | - | Managing Director<br>Bamni Proteins Limited (Subsidiary Company)<br>(Upto 31.03.2014)       |
| d. Mr. B. Shaji Mohan | - | Managing Director<br>Reva Proteins Limited (Subsidiary Company)<br>(Upto 31.12.2014)        |
| e. Mr. T. P. Philip   | - | Managing Director<br>Reva Proteins Limited (Subsidiary Company)<br>(from 01.01.2015)        |

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### B. Description of Transactions

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total (Rupees)
<b>Sale and Income</b>				
1 Sale of Goods: <i>Nitta Gelatin Inc.</i>		1,190,992,647		1,190,992,647
		(1,028,337,468)		(1,028,337,468)
<i>Nitta Gelatin NA Inc.</i>		371,496,988		371,496,988
		(403,986,868)		(403,986,868)
2 Commission on sales <i>Nitta Gelatin Inc.</i>		5,617,385		5,617,385
		(-)		(-)
<b>Purchase and Expenses</b>				
1 Purchase of stock in trade: <i>Nitta Gelatin Inc.</i>		33,308		33,308
		(9,921,907)		(9,921,907)
2 Commission expense: <i>Nitta Gelatin Inc.</i>				
- For Sale of Gelatin		693,181		693,181
		(616,820)		(616,820)
- For Sale of Peptide		472,874		472,874
		(458,224)		(458,224)
3 Rebate/ Discount expense: <i>Nitta Gelatin Inc.</i>		8,334,131		8,334,131
		(2,277,157)		(2,277,157)
<i>Nitta Gelatin NA Inc.</i>		1,257,731		1,257,731
		(5,171,714)		(5,171,714)
4 Technical Assistance Fee: <i>Nitta Gelatin Inc.</i>		1,859,083		1,859,083
		(2,035,500)		(2,035,500)
5. For Quality claims of product <i>Nitta Gelatin Inc.</i>		17,345,863		17,345,863
		(-)		(-)
6 Reimbursement of Expenses (Net): <i>Nitta Gelatin NA Inc.</i>		422,191		422,191
		(-)		(-)
<i>Nitta Gelatin Inc.</i>		1,809,592		1,809,592
		(1,733,677)		(1,733,677)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

11	Donations / Corporate Social Responsibility contribution [See Note <b>2.27.3</b> ] <i>K.T Chandy Seiichi Nitta Foundation</i>	1,143,930 (1,723,977)		1,143,930 (1,723,977)
7	<i>Directors sitting fees</i>		- (20,000)	- (20,000)
8	Remuneration to Managing Director			
a	Managing Director - Holding Company		11,035,014 (14,308,542)	11,035,014 (14,308,542)
b	Whole Time director - Holding Company (See Note <b>2.29.1</b> )		1,861,479 (-)	1,861,479 (-)
c	Managing Director - Subsidiary Companies <i>Bamni Proteins Limited</i>		1,328,576 (1,295,452)	1,328,576 (1,295,452)
	<i>Reva Proteins Limited</i>		436,425 (-)	436,425 (-)
<b>Investments</b>				
1	<i>K K Organics Private Limited *</i> <i>*Provision created for loss in investments</i> <i>Rs. 2,880,000 (Rs. 2,880,000)</i>	2,880,000 (2,880,000)		2,880,000 (2,880,000)
<b>Dividend Paid</b>				
1	<i>Nitta Gelatin Inc.</i>		(-) (15,601,200)	(-) (15,601,200)
<b>Receivables</b>				
1	<i>Nitta Gelatin Inc.</i>		33,175,184 (9,615,041)	33,175,184 (9,615,041)
2	<i>Nitta Gelatin NA Inc.</i>		5,207,750 (10,358,342)	5,207,750 (10,358,342)

**2.29.1** In view of the inadequacy of the profits, the remuneration paid to the Whole Time Director of the company during the year - Rs. 1,861,479/- (Nil) is subject to necessary approvals prescribed under the Companies Act, 2013 which is being sought by the Company in the General Meeting.

**2.29.2** Remuneration to Managing Director for the year includes gratuity and leave encashment paid out of liability funded /recognised in earlier years -Nil (Rs 81,77,167).

### 2.30 Segment Information

In respect of the Company:

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,846,605,916	1,658,254,441	3,504,860,357
	(1,644,014,187)	(1,173,421,242)	(2,817,435,429)
Segment Result	279,212,963	181,265,258	460,478,221
	(269,681,898)	(67,680,864)	(337,362,762)
Unallocated Expenditure (Net)			282,776,879
			(351,111,729)
Interest Expense			77,429,399
			(59,356,197)
Profit / ( Loss ) before Taxation			100,271,943
			((73,105,164))

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

In respect of the Subsidiary Companies:

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

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

### 2.31.1 Provisions

Nature of Provision	Balance as at 01.04.2014	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2015
Provision for Central Excise Duty.	9,598,921	794,099	-	-	10,393,020
[See Note <b>2.31.1(i)</b> ]	(8,799,108)	(799,813)	-	-	(9,598,921)
Provision for Water Cess	6,183,200	-	-	-	6,183,200
	(6,183,200)	-	-	-	(6,183,200)

**2.31.1(i).** Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs. 3,34,09,583 (Rs 3,10,65,141), 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. 1,03,93,020 (Rs. 95,98,921) as a matter of abundant caution and the balance amount of Rs. 2,30,16,563 ( Rs. 2,14,66,220) has been disclosed as a contingent liability.

Further the Central excise authorities have issued show cause notices relating to CENVAT credit for Rs. 623,430 (Rs. 115,720). In the opinion of the management, no provision is considered necessary for the same and has accordingly been disclosed as contingent liability.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

### 2.31.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2015 Rupees	As at 31.03.2014 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note <b>2.31.2(i)</b> ]	67,049,358	67,049,358
b. Value Added Tax/ Central Sales Tax [See Note <b>2.31.2(ii)</b> ]	36,775,140	1,237,334
c. Excise Duty [See Note <b>2.31.1(i)</b> ]	23,639,993	21,581,940
d. Water Cess [See Note <b>2.31.2(iii)</b> ]	65,301,200	65,301,200
2. Foreign Bills Discounted	231,983,217	239,148,923
3. Domestic Bills Discounted	7,994,250	1,632,000
4. Counter Guarantee issued in favour of bankers	10,448,426	7,252,152
<b>Total</b>	<b>443,191,584</b>	<b>403,202,907</b>

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

**2.31.2(ii)** The Value Added Tax / CST authorities had raised demands on assessment for an earlier year amounting to Rs. 36,775,140 (Rs. 1,237,334) which had been disputed by the Company on appeal. Based on legal advice, no provision is considered necessary towards the said claims and the amount involved is disclosed as contingent liability.

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

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

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

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

- a. Company - Rs. 3,04,70,888 (Rs. 3,20,10,596 )
- b. Bamni Proteins Limited (Subsidiary) - Rs.Nil (Rs. 13,00,000 )
- c. Reva Proteins Limited (Subsidiary) - Rs. 89,000 ( Rs.3,00,000 )

### 2.33 a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs. 35,20,000 (Rs. 1,25,60,000) which is required to be fulfilled at different dates until 2021. In the event of non

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

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. 336,030,000 (Rs.16,25,49,000 ) which is required to be fulfilled at different dates until 2016. In the event of non fulfilment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

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

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

**2.35.1 (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 31.03.2015			As at 31.03.2014		
	\$	Rupees	Fair value (Rupees)	\$	Rupees	Fair value (Rupees)
Export receivables	215,330	13,389,219	13,942,692	-	-	-
Export transactions	12,041,768	767,924,955	791,403,126	-	-	-

**2.35.1 (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:

Particulars	As at 31.03.2015		As at 31.03.2014	
	Notional \$	Gain/(Loss) Rupees	Notional \$	Gain/(Loss) Rupees
<b>Export transactions</b>				
Not later than three months	3,205,668	7,222,727	-	-
Later than three months and not later than six months	3,736,100	9,250,556	-	-
Later than six months and not later than one year	5,100,000	7,004,888	-	-
<b>Total</b>	<b>12,041,768</b>	<b>23,478,171</b>	<b>-</b>	<b>-</b>

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	\$	Rupees	\$	Rupees
Receivables	215,330	13,389,219	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015 (CONTD.)

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	FC	Rupees	FC	Rupees
<b>Receivables</b>				
USD	775,151	48,198,865	482,252	28,602,391
EURO	97,620	6,524,921	68,320	5,551,016
GBP	64,000	5,859,840	114,070	11,214,222
<b>Payables</b>				
USD	2,380,953	150,136,794	245,036	14,822,170
CAD	33,500	1,827,359	6,700	367,629
EURO	17,888	1,223,897	13,988	1,167,718
Japanese YEN	24,768,224	13,129,791	3,000,000	1,831,950

### 2.36 Additional information:

#### 2.36.1 Turnover and opening and closing Stock

Particulars	Sales Rupees	Closing Inventory Rupees		Opening Inventory Rupees	
		FG	WIP	FG	WIP
Ossein	77,3042,567	46648,719	-	34,580,813	-
	(667,135,026)	(34,580,813)	-	(26,292,062)	-
Dicalcium Phosphate	571,310,275	3,597,297	-	10,378,565	-
	(535,876,010)	(10,378,565)	-	(1,736,283)	-
Gelatin	1,795,850,327	22,100,602	234,421,184	13,323,158	233,438,845
	(1,348,553,978)	(13,323,158)	(233,438,845)	(7,110,348)	(189,600,956)
Collagen Peptide	272,947,848	40,363,284	-	52,290,246	-
	(194,238,816)	(52,290,246)	-	(54,126,047)	-
Others	91,709,520	7,121,417	21,009,685	6,553,330	23,330,628
	(71,631,599)	(6,553,330)	(23,330,628)	(6,302,122)	(20,437,168)
	<b>350,486,0537</b>	<b>119,831,319</b>	<b>255,430,869</b>	<b>11,712,6112</b>	<b>256,769,473</b>
	<b>(2,817,435,429)</b>	<b>(117,126,112)</b>	<b>(256,769,473)</b>	<b>(95,566,862)</b>	<b>(210,038,124)</b>

#### 2.36.2 Breakup of consumption

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	%	Amount	%	Amount
<b>Raw Materials</b>				
Imported	5.18	103,735,099	4.28	65,339,514
Indigenous	94.82	1,898,844,785	95.72	1,459,581,339
<b>Total</b>	<b>100.00</b>	<b>2,002,579,884</b>	<b>100.00</b>	<b>1,524,920,853</b>

<u>Store &amp; Spares*</u>				
Imported	4.56	5,793,415	6.95	9,175,707
Indigenous	95.44	121,160,766	93.05	122,943,755
<b>Total</b>	<b>100.00</b>	<b>126,954,181</b>	<b>100.00</b>	<b>132,119,462</b>
* Debited under Stores & Spares Consumed		681,89,119		58,322,573
* Debited under Repairs & Maintenance		58,765,062		73,796,889
		<b>126,954,181</b>		<b>132,119,462</b>

**2.36.3 CIF Value of imports**

<b>Particulars</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
Raw Materials	118,873,619	43,811,364
Traded Gelatin	-	9,921,907
Packing Materials	949,659	2,602,881
Components, Stores and Spares	5320745	9,681,392
Capital Goods	-	8,001,602
	<b>125,144,023</b>	<b>74,019,146</b>

**2.36.4 Expenditure in foreign currency on account of :**

<b>Particulars</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
Professional and Consultation fee	5,176,412	4,055,624
Other Matters (including travel)	26,171,990	19,327,486
	<b>31,348,402</b>	<b>23,383,110</b>

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

<b>Particulars</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
i No. of non-resident shareholders to whom dividend was remitted	-	1
ii No. of shares held by them	-	3,900,300
iii Year to which the dividend related	-	2012-13
iv Amount remitted	-	15,601,200

**2.36.6 Earnings in Foreign Exchange**

<b>Particulars</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
Export of goods calculated on FOB basis	1,827,480,761	1,629,610,667
Commission	5,617,385	-
	<b>1,833,098,146</b>	<b>1,629,610,667</b>



**2.36.8 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013**

Name of the Entity	For the year ended 31.03.2015 Net Assets ie, Total Assets - Total Liabilities		For the year ended 31.03.2014 Net Assets ie, Total Assets - Total Liabilities	
	As a % of consolidated net assets	Amount - Rs	As a % of consolidated net assets	Amount - Rs
<b>Parent company</b>	78.60%	896,986,014	71.50%	835,249,019
Subsidiaries:				
a) Bamni Proteins Limited	2.60%	29,638,107	3.08%	35,933,428
b) Reva Proteins Limited	13.57%	154,984,635	18.46%	215,662,706
Minority interests in all subsidiaries	5.23%	59,638,561	6.96%	81,320,975
<b>Total</b>	<b>100.00%</b>	<b>1,141,247,314</b>	<b>100.00%</b>	<b>1,168,166,128</b>

Name of the Entity	For the year ended 31.03.2015 Share in Profit or (Loss)		For the year ended 31.03.2014 Share in Profit or (Loss)	
	As a % of consolidated Profit or (Loss)	Amount - Rs	As a % of consolidated Profit or (Loss)	Amount - Rs
<b>Parent company</b>	142.28%	51,019,943	-75.76%	(49,592,261)
Subsidiaries:				
a) Bamni Proteins Limited	-12.60%	(4,517,531)	9.11%	5,961,441
b) Reva Proteins Limited	-169.21%	(60,678,070)	-26.32%	(17,223,837)
Minority interests in all subsidiaries	-60.47%	(21,682,415)	-7.03%	(4,604,742)
<b>Total</b>	<b>100.00%</b>	<b>(35,858,073)</b>	<b>100.00%</b>	<b>(65,459,399)</b>

## Note:

- a) As stated in Note 1 (a) the details of the Associate company K. K Organics Private Limited has not been considered for consolidation purpose, for the reasons stated therein.
- b) The amounts stated above have been considered from the respective financial statements of the companies, without adjusting the intercompany transactions.

**2.37** 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 and on behalf of the Board of Directors		
For VARMA & VARMA (FRN: 004532S)	P. H. KURIAN IAS Chairman DIN : 00027596	SAJIV K. MENON Managing Director DIN : 00168228	T. YAMAKI Director DIN : 02669053
(VIJAY NARAYAN GOVIND) Partner CHARTERED ACCOUNTANTS Membership No. 203094	RADHA UNNI Director DIN : 03242769	DR. KEIJI SUZUKI Director DIN : 02221545	A. K. NAIR Director DIN : 00009148
Place: Kochi Date: 09.05.2015	K. L. KUMAR Director DIN : 00004804	K. MURALEEDHARAN NAIR Chief Financial Officer	G. RAJESH KURUP Company Secretary

# ATTENDANCE SLIP



**NITTA GELATIN INDIA LIMITED**

(CIN : L24299KL1975PLC002691)

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

Tel : 0484 - 3099444, Fax : +91 484 210568,

Web : www.gelatin.in, email : ro@nittagelindia.com

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

**Name and Address :**

**Folio No./DP ID & Client ID**

**Member**

**Holding**

**Proxy**

**I hereby record my presence at the THIRTY NINETH ANNUAL GENERAL MEETING**

**SIGNATURE OF THE  
SHAREHOLDER / PROXY**

**Note:**

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

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39<sup>th</sup> Annual general meeting of the company, to be held on Tuesday the 8<sup>th</sup> day of September 2015 At 12.00 noon 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: (Ü)

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.**