

41st Annual Report
2016-17

Live Life to the Fullest



Nitta Gelatin India Limited

Dear Shareholders



KOICHI OGATA
PRESIDENT



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

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

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

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

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

I look forward to your continued support in this journey.

Best regards,

Koichi-Ogata
KOICHI OGATA

Nitta Gelatin Inc.

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



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



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

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

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

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

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

Best regards,

Paul Antony

PAUL ANTONY

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

NITTA GELATIN INDIA LIMITED
(CIN : L24299KL1975PLC002691)



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BOARD OF DIRECTORS

Chairman : **PAUL ANTONY, IAS**

Directors : **KOICHI OGATA**

Dr. M. BEENA, IAS

A. K. NAIR

K. L. KUMAR

RADHA UNNI

Dr. NAOTOSHI UMENO

Dr. K. CHERIAN VARGHESE

Dr. SHINYA TAKAHASHI,

Director (Technical)

Managing Director : **SAJIV K. MENON**

Chief Financial Officer : P. Sahasranaman

Company Secretary : G. Rajesh Kurup

Statutory Auditors : Varma & Varma
Ernakulam

Secretarial Auditor : Abhilash Nediylalil Abraham.

Bankers : State Bank of India

Canara Bank

State Bank of Travancore

HDFC Bank Ltd.

IDBI Bank Ltd.

South Indian Bank Ltd.

Legal Advisors : 1) M. Pathrose Mathai

Senior Advocate, Ernakulam

2) B.S. Krishnan

Senior Advocate, Ernakulam

Registrar &

Share Transfer Agents : Cameo Corporate Services Ltd.

1, Club House Road, Chennai - 600 002

Tel : 044-28460390; Fax : 044-28460129

E-mail : cameo@cameoindia.com

Registered Office : Post Bag No. 4262

54/1446, Panampilly Nagar P. O.

Kochi - 682 036

Factory

: OSSEIN DIVISION

Kathikudam P. O., (Via) Koratty

Trichur District - 680308

GELATIN DIVISION

KINFRA Export Promotion

Industrial Parks Ltd. P. B. No. 3109

Kusumagiri P. O., Kakkanad, Kochi-682 030

Website

: www.gelatin.in

SUBSIDIARY COMPANIES

BAMNI PROTEINS LTD. : PO Dudholi - Bamni, Via Ballarpur 442 701, Dist. Chandrapur, Maharashtra, India.

REVA PROTEINS LTD. : Plot No. 832, GIDC Industrial Estate, Jhagadia 393 110, Dist. Bharuch, Gujarat, India.

Board of Directors



Paul Antony, IAS
Chairman



Sajiv K. Menon
Managing Director



Dr. Shinya Takahashi
Director(Technical)



Dr. M. Beena, IAS
Director



Koichi Ogata
Director



A. K. Nair
Independent Director



K. L. Kumar
Independent Director



Radha Unni
Independent Director



Dr. Naotoshi Umeno
Independent Director



Dr. K. Cherian Varghese
Independent Director

FINANCIAL HIGHLIGHTS (10 Years)

(Rs. in lakhs)

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

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

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the members of Nitta Gelatin India Limited will be held on **Saturday, the 24th June, 2017 at 12 Noon, at Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin 682 016** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2017, together with the Report of the Board of Directors and the Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2017, together with the Report of the Auditors thereon.
2. To declare Dividend on Optionally Convertible Preference Shares – 929412 Shares of Rs. 170/- each @5.4029% p.a. absorbing an amount of Rs.85,36,584.00 (excluding Dividend Tax).
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of Mr. Koichi Ogata (DIN : 07811482) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors in place of retiring Auditors and to fix their remuneration and in this connection to pass with or without modification, the following resolution as an

ORDINARY RESOLUTION.

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Approval for entry into Related Party Transaction by the Company

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

“RESOLVED THAT pursuant to the provisions of the Section 188 of the Companies Act, 2013 (The Act) read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and read with Regulation 23(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members of the Company by way of an Ordinary resolution be and is hereby accorded to the Board of Directors (herein after called “the Board” which term shall be deemed to include any Committee which the Board may constitute for the purpose) for execution of contracts by the Company with

Nitta Gelatin Inc, Japan, and Nitta Gelatin NA Inc., USA, Reva Proteins Limited with whom the Company has common directorship to sell, purchase, or supply any goods or material and to avail or render any service of any nature, whatsoever, as Board in its discretion may deem proper, subject to complying with the procedures to be fixed by the Board or its Committee, upto an amount and as per the terms and conditions mentioned under item No. 8 of the explanatory statement with respect to transactions proposed, and annexed hereto with notice.

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

By Order of the Board,

Kochi
09.05.2017

G. Rajesh Kurup
Company Secretary
M.No: A8453

Notes:

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

Office not less than 48 hours before the commencement of the meeting. The proxy form for the AGM is enclosed herewith.

4. The Company notifies Closure of Register of Members and Share Transfer Books thereof from 19th June, 2017 to 24th June, 2017 (both days inclusive) to determine the members, entitled to receive dividend which will be declared at the Annual General Meeting.
5. The dividend, if declared at the meeting will be paid on or after 1st July, 2017 to those Shareholders whose names appear on the Register of Members as on Record date.
6. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
7. Members are requested to notify the Registrar and Share Transfer Agent immediately of their Bank Account Number and name of the Bank and Branch in the case of physical holdings and to their respective Depository Participant in the case of demated shares, so that payment of dividend when made through NECS/Dividend Warrants, can capture the updated particulars and avoid delay/default.
8. The Company has appointed Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agent of the Company to deal with the physical as well as electronic share registry.
9. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents at their address as given above in the case of physical holdings and to their respective Depository Participant in case of demated shares.
10. Members may kindly update their email address with the Company/ Registrar Cameo Corporate Services such that correspondence reach you without fail.
11. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the Company on request.
12. Members desiring any information as regards the accounts are requested to write to the Company so as to reach the Registered Office at least 5 days before the date of meeting to enable the management to keep the information ready.
13. Members are requested to note that trading of Company's shares through Stock Exchanges is permitted only in electronic/ demat form. Those members who have not yet converted

their holdings into the electronic form may please consider opening an account with an authorised Depository Participant and arrange for dematerialisation.

14. Members attending the Annual General Meeting are requested to bring with them the ATTENDANCE SLIP sent along with the Annual Report.
15. The business also to be transacted through electronic voting system and the Company is providing facility for voting by electronic means including remote e voting.
16. As per the applicable provisions and rules thereunder any Dividend remaining unpaid and unclaimed at the end of 07th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Dividend paid during the year 2009-10 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 27th August, 2017. Besides, there has now been a change in the applicable provisions under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, which now additionally mandate a transfer of the corresponding shares as well, to the IEPF regarding which adequate notice was also given by the Company through individual notices to shareholders at their registered address, newspaper advertisement and information in the official website. Such shares shall be credited to the Demat account of the IEPF Authority latest by 30th June, 2017. Anybody whose dividends and corresponding shares are thus involved, may immediately contact the Company/its Compliance Officer.
17. In case of joint holders attending the meeting, the member whose name appears as per Register of Members of the Company will be entitled to vote
18. Voting through electronic means
Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended upto date, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to offer remote e voting facility to the members to cast their votes electronically as an alternative to participation at this Annual General Meeting (AGM)). Please note that the remote e-voting through electronic means is optional. The Company is also providing the facility of poll at the meeting