

**NGL FINE-CHEM LIMITED**

(CIN: L24110MH1981PLC025884)



**ANNUAL REPORT**  
**2013 - 2014**



**BOARD OF DIRECTORS**

Rahul J. Nachane  
Rajesh N. Lawande  
Milind V. Shinde  
Suman S Lad

Managing Director  
Executive Director  
Independent Director  
Independent Director

**REGISTERED OFFICE & FACTORY**

W-142 (C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road,  
Navi Mumbai 400 705  
CIN : L24110MH1981PLC025884  
Tel: (+91 22) 27630547  
Email : info@nglfinechem.com  
Website: www.nglfinechem.com

**ADMINISTRATIVE OFFICE**

2, New Metalage Industrial Premises,  
Subhash Road, Jogeshwari East,  
Mumbai 400 060  
Tel : (+91 22) 40539999  
Email : ngl@vsnl.cominfo@nglfinechem.com

**SHARE TRANSFER AGENTS**

Purva Sharegistry (India) Private Limited  
Shiv Shakti Industrial Estates,  
Unit No. 9, 7-B J. R. Boricha Marg,  
Sitaram Mills Compound, Mumbai 400011  
Tel: 23016761 Email: busicomp@vsnl.com

**AUDITORS**

Bharat Gandhi & Co  
*Chartered Accountants*

**SHARES LISTED AT**

Bombay Stock Exchange Ltd., Mumbai  
(Listing fees paid for 2014-15)

**33rd ANNUAL GENERAL MEETING**

Date : September 12, 2014  
Day : Friday  
Time : 11.30 a.m  
Place : Lion's Club Hall, Sector 10,  
Plot No. 12, Near Dmart Mall,  
Kopar Khairane, Navi Mumbai – 400 709.

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## NOTICE

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**NOTICE** is hereby given that the Thirty Third Annual General Meeting of the Members of NGL Fine-Chem Limited will be held at Lion's Club Hall, Sector 10, Plot No 12, Near Dmart mall, Kopar Khairane, Navi Mumbai - 400 705 on Friday, September 12, 2014, at 11.30 a.m. to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, Statement of Profit & Loss & Cash Flow Statement for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh Lawande, Whole-time Director (holding DIN 00327301) who retires by rotation & being eligible offers himself for re-appointment as Director.
3. To appoint M/s Bharat Gandhi & Co, Chartered Accountant (FRN 101214W) as Statutory Auditors of the Company and to fix their remuneration.

“**RESOLVED THAT** M/s. Bharat Gandhi & Co., Chartered Accountants, Mumbai registered with the Institute of Chartered Accountants of India vide firm registration no 101214W be and is hereby appointed as a Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of Thirty Sixth Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting to audit the accounts of the Company, including the audit of Cash Flow statements, on a remuneration plus service tax and out of pocket expenses to be mutually decided by the Board in consultation with the Statutory Auditors of the Company.”

### **Special Business**

4. To Consider and if thought fit, to pass with or without modification (s), the Following resolutions as an **Special Resolution**

“**RESOLVED THAT** pursuant to provisions of Sections 196, 197,203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as “the said Act”), the consent of the Company is hereby accorded for re-appointment of **Mr. Rahul Nachane (holding DIN 00223346)** as Managing Director of the Company with effect from June 1, 2014 for a period of 3 years on the terms and conditions as are set out in the agreement to be entered into between the Company and Mr. Rahul Nachane with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the Remuneration and Nomination Committee constituted by the Board) to alter and vary the terms of the said re-appointment and/or remuneration and/or agreement.

**RESOLVED FURTHER THAT** Mr. Rahul Nachane shall be entitled receive such amount as remuneration, perquisites, as may be decided by the Board of Directors from time to time within the limits permissible under the provisions of Sections 196, 197,203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, for the performance of his duties as the Managing Director of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the remuneration payable to the Managing Director by way of salary and perquisites shall not exceed the ceiling laid down in Schedule V of the Companies Act, 2013 as may be decided by Board of Directors, subject to necessary sanctions and approvals.

**RESOLVED FURTHER THAT** any Director of the Company be and is hereby severally authorized to sign and file the necessary forms and Returns with the Registrar of Companies, Mumbai, and to take such other actions and to do all deeds and things to comply with all the formalities required to be fulfilled in connection with the re-appointment of Managing Director.”

5. 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 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re- enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Clause 49 of the Listing Agreement, **Mr. Suman Lad (holding DIN 00223476)** Director of the Company who retires by rotation at the Annual general Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five Consecutive years for a term up to 31st March 2019.

6. 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 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re- enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Clause 49 of the Listing Agreement **Mr. Milind Shinde (holding DIN 01593560)** Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five Consecutive years for a term up to 31st March 2019.

7. 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 earlier resolutions passed and pursuant to the provisions of section 180 (1) (a) (corresponding to Section 293(1)(a) of the Companies Act, 1956 ) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or any



amendments or any substitution or re-enactment thereof for the time being in force and all other applicable Acts, laws, rules, regulations and guidelines for the time being in force; and subject to the approvals, consents, permissions and sanctions as may be necessary from the authorities concerned and subject to such terms and conditions as may be imposed by them, consent be and is hereby accorded to the Board of Directors of the Company, to lease or mortgage, charge or create any security on the whole or substantially the whole of the undertaking of the Company including moveable or immoveable properties and assets of the Company, to secure the repayment of term loan/financial assistance obtained/to be obtained for business purpose for an amount which shall not at any time exceed Rs. 100 Crores (Rupees Hundred Crores Only) for availing credit facilities from various Financial Institutions, Banks and / or Bodies Corporate for the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the security aforesaid in consultation with the financial institutions/banks/other lenders and mortgages as may be necessary.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to prepare, finalize and execute in favour of the said financial institution/banks/other lenders the documents, writing and such other agreements, as may be necessary for creating mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf.”

8. 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 earlier resolutions passed, the consent of the Company be and is hereby accorded in terms of Section 180 (1) (c) (corresponding to Section 293(1)(d) of the Companies Act, 1956 ) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 100 Crores (Rupees Hundred Crores Only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and are hereby severally authorised to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

**RESOLVED THAT** pursuant to provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors)

Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and any other applicable provisions, if any, the appointment of M/s Krishna S & Associates, Cost Accountants as Cost Auditors of the Company by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15 and remuneration of Rs. 75,000/- p.a plus service taxes as paid to them be and are hereby ratified.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
- 3) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.  
  
The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.
- 4) The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith.
- 5) Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
- 6) The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from **Thursday, September 4, 2014 to Friday, September 12, 2014** (both days inclusive).
- 7) As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the Meeting.
- 8) In furtherance of Green Initiative in Corporate Governance by Ministry of Corporate Affairs, the Shareholders are requested to register their email id with the Company or with the Registrar and Transfer Agents.
- 9) Members/Proxies are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
- 10) Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidate their holdings in one folio.
- 11) Members whose shareholding is in the electronic mode are



requested to direct change of address notifications and updation of Savings Bank Account details to their respective Depository Participants.

12) In terms of section 205A Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to Investor Education and Protection Fund. Members who have not encashed their dividend warrants are requested to write to the Registrars and Share Transfer Agents. The details of dividend unclaimed are uploaded on the Company's website at [www.nglfinechem.com](http://www.nglfinechem.com) for shareholders information.

13) Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

14) Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.nglfinechem.com](http://www.nglfinechem.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [info@nglfinechem.com](mailto:info@nglfinechem.com).

15) Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

**In case of members receiving e-mail:**

(i) The voting period begins on 6th September, 2014 at 9.00 a.m and ends on 8th September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25th July 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Open e-mail

(iii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

(iv) Click on "Shareholders" tab.

(v) 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.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) 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.

(viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB*	<p>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.</p>
Dividend Bank Details*	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li> </ul>

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) 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 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.



- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) 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.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - 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.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **In case of members receiving the physical copy:**

Please follow all steps from sl. No (i) to sl. no.( xix) above to cast vote.

#### **Other Instructions**

- (A) The voting period begins on 6th September, 2014 at 9.00 a.m and ends on 8th September, 2014 at 6.00 p.m During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 25, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) 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).
- (C) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.CDSL.com](http://www.evoting.CDSL.com)
- (D) If you are already registered with CDSL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- (E) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (F) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of July 25, 2014
- (G) Mr. Hemant Shetye, Partner of M/s HS Associates, Practicing Company Secretaries (Membership No. FCS 2827) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent Manner.
- (H) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company
- (I) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.nglfinechem.com](http://www.nglfinechem.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
- (J) Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report)so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Hemant Shetye, Partner of HS Associates, Practicing Company Secretaries, at the Registered office of the Company not later than September 8, 2014 ( 6.00 pm IST)





- (K) Ballot Form received after this date will be treated invalid.
- (L) A member can opt only for one mode of voting i.e either through e-voting or by Ballot. If a Member casts vote by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing companies to dispatch documents to the shareholders through electronic mode. Considering the above theme, your company had decided to send Annual Report through electronic mode.

- 16) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.
- 17) The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated

Registered Office  
W142 C TTC MIDC Industrial Area,  
Pawane Village, Off Thane Belapur Road,  
Navi Mumbai 400 705

By Order of the Board

Place: Mumbai  
Date: July 30, 2014.

Rahul Nachane  
*Managing Director & Chairman*  
DIN 00223346

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (CORRESPONDING TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

### Item No. 4

Mr. Rahul Nachane was appointed as Managing Director of the Company at the Thirtieth Annual General Meeting of the Company held August 18, 2011 pursuant to provisions of Section 198, 269, 309 and 310 and any other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 vide Special Resolution passed thereat for a period of three years from June 1, 2011 to May 31, 2014.

The Board at their meeting held on 30th July, 2014 based on the recommendation of the Nomination and Remuneration Committee approved re-appointment of Mr. Rahul Nachane as Managing Director and CEO of the Company for a period of three years commencing from June 1, 2014 to May 31, 2017. The Board also approved terms and condition of appointment including remuneration as approved by Nomination and Remuneration Committee in accordance with provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force) subject to approval of Shareholders at the ensuing Annual General Meeting.

### MAJOR TERMS OF REMUNERATION OF MR. RAHUL NACHANE, MANAGING DIRECTOR:

#### TERMS & CONDITIONS:

##### I) General Information

- Nature of industry : The company manufactures active pharmaceutical ingredients and finished formulations.
- Date of commencement of commercial production : The company has already commenced commercial production in 1983
- Financial performance : PBT for past 3 years is as follows  
2013-14 Rs. 670.93 lakhs  
2012-13 Rs. 444.44 lakhs  
2011-12 Rs. 156.28 lakhs
- Foreign investments or collaboration : Nil

##### II) Information about appointee

- Name of Director : Mr. Rahul Nachane
- Designation : Managing Director
- Date of Appointment : Re-appointment w.e.f. 1st June, 2014
- Period : 3 (Three) years.
- Salary (p.m) : Rs. 3,50,000/- p.m. with power to Board to vary from time to time within the limits of Schedule V of the Companies Act.
- Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, the remuneration and perquisites payable to Mr. Rahul Nachane shall not exceed the ceiling as laid down of Schedule V of the Companies Act, 2013.
- Background details : Rahul Nachane is a Chartered Accountant and Master of Management Studies having over 25 years experience in the chemical and pharmaceutical industry.
- Past remuneration : During the period 2011-14 the remuneration was Rs. 2,50,000 pm excluding perquisites
- Recognition and awards : Nil
- Job profile and suitability : The job profile of the CEO is for development of the business, plan and implement projects, manage operations, plan and control the sales, manufacturing functions and oversee overall management of the company. Mr. Rahul Nachane has the experience and qualifications for performing as per the profile required.



11. Comparative remunerative profile in the industry : The salary proposed is comparable in the industry
12. Pecuniary relationship with the company : Rahul Nachane holds 17.54% equity shares, his wife holds 11.55% equity shares.

### III) Other information

1. Reasons for inadequacy of profits : The profits as calculated under the managerial remuneration to directors under the Companies Act 2013 are inadequate for payment of remuneration. The scale and activity of the company's operations are growing. With a view to adequately compensate the directors as per current industry standards, the remuneration is being revised.
2. Steps to be taken for improving : The company's operations are growing at over 50% each year. The profits in future will be adequate to cover the remuneration.
3. Expected increase in profits and productivity : Over the past three years, the company's profit before tax have increase from Rs. 156.28 lakhs in 2011-12 to Rs. 670.93 lakhs in 2013-14. During the current year an increase of 20% in profits is anticipated.

### IV) Perquisites:

Mr. Rahul Nachane as a Managing Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

- a) **Provident Fund:** Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.
- b) **Gratuity:** as per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- c) **Children's education allowance:** In case of children studying in or outside India, an allowance limited to a maximum of Rs. 12,000/- per month per child or actual expenses incurred, whichever is less such allowance is admissible upto a maximum of two children.
- d) **Holiday passage for children studying outside India/ family staying abroad:** Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of

their study or stay abroad to India if they are not residing in India with the managerial person.

- e) **Leave travel concession:** Return passage for self and family in accordance with the rules specified by the Company to any destination in India.
- f) **Leave encashment:** Encashment of leave at the end of the tenure.

V). Salary and perquisites specified herein shall be payable to the Managing Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.

VI). The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.

VII). The Managing Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.

VIII). The terms and conditions of the said re-appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule V the Companies Act, 2013, or any amendment hereafter in that regard.

Mr. Rahul Nachane satisfies all the conditions as set out in part I of Schedule V as also under sub-section 13 of Section 196 of the Companies Act, 2013 for being eligible to be appointed as a Managing Director and CEO of the Company. He is not disqualified for being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The Board of Directors are of the opinion that the appointment of Mr. Rahul Nachane and CEO is in the Best Interest of the Company and accordingly, recommend the resolution as set in Item No. 4 for approval of the members.

Other than Mr. Rahul Nachane and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### Item No. 5

Mr. Suman Lad is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2005. Mr. Suman Lad is Chairperson of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Suman Lad holds degree in B.Com and CAIIB. He is an ex-banker and served Banking Industry for almost 4 decades. He has wide industrial and banking experience.

Mr. Suman Lad is not a Director of any other Public Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Suman Lad retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions





of the Companies Act 2013, Mr. Suman Lad being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing candidature of Mr. Suman Lad Director of the Company.

In the opinion of the Board, Mr. Suman Lad fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Suman Lad as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his Continued Association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Suman Lad as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Suman Lad as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Suman Lad being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 6**

Mr. Milind Shinde is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2003. Mr. Milind Shinde is member of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Milind Shinde holds a degree in Bachelor of Engineering and also a M.M.S graduate. He is an entrepreneur having his own Engineering Company and has over 25 years of experience in marketing and operations.

Mr. Milind Shinde is not a Director of any other Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Milind Shinde is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Milind Shinde being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing candidature of Mr. Milind Shinde Director of the Company.

In the opinion of the Board, Mr. Milind Shinde fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Milind Shinde as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his Continued Association would be of immense benefit to the Company and it is desirable to continue to

avail services of Mr. Milind Shinde as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Milind Shinde as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Milind Shinde being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 7 and 8**

The Company proposes to raise terms loans/financial assistance in near future in view of the meeting its working capital needs. The borrowings of loans from the Banks / Financial Institutions will require the Company to create mortgage/charge on the whole or substantially the whole of the undertakings of the Company for the purpose of securing financial assistance.

Therefore, pursuant to the provisions of Section 180 of the Companies Act, 2013; shareholders' approval is required by way of special resolution in general meeting.

Section 180(1)(c) of the Companies Act, 2013 provides, inter-alia, that the Board of Directors of the Company shall not without the consent of shareholders in the General Meeting borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loan obtained from the bankers of the Company in the ordinary course of business) exceeding the aggregate of paid-up capital and free reserves of the Company. It is expected that the ceiling may be exceeded after the acceptance of loans/financial assistance and therefore, your Directors place before you the proposal to increase the maximum borrowing limits to Rs. 100 Crores (Rupees Hundred Crores) at any point of time for your approval.

Section 180(1)(a) of the Companies Act, 2013 provides, inter-alia, that the Board of Directors of the Company shall not, without the consent of shareholders in the General Meeting, sell, lease or create any security on the assets of the Company or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or if Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. Since the mortgage of the Company's immovable and movable properties may be regarded as disposal of Company's properties/undertakings, consent of the Members is being sought for the purpose.

The Board of Directors accordingly recommends the Resolutions set out at Item Nos. 7 and 8 of the accompanying Notice for the approval of the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in aforementioned resolution(s).

#### **Item No. 9**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Rs. 75,000/- p.a to be paid to M/s Krishna S & Associates, Cost Accountants as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2014 -15

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the



remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014 - 15.

The Board of Directors accordingly recommends the Resolutions set out at Item No. 9 of the accompanying Notice for the approval of the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in aforementioned resolution.

Registered Office  
W142 C TTC MIDC Industrial Area,  
Pawane Village, Off Thane Belapur Road,  
Navi Mumbai 400 705

By Order of the Board

Place: Mumbai  
Date: July 30, 2014.

Rahul Nachane  
*Managing Director & Chairman*  
DIN 00223346

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty Third Annual Report with the Audited Balance Sheet, Statement of Profit & Loss Cash Flow Statement and the notes and schedules thereon for the year ended 31st March 2014.

### A. OPERATING RESULTS

The operating results of the Company for the year ended 31st March 2014 are as follows:

	Year ended on 31.03.2014 Rupees	Year ended on 31.03.2013 Rupees
Profit before Depreciation	9,02,90,321	6,37,78,755
Less: Depreciation	(2,31,97,778)	(1,93,34,840)
Net Profit before Tax	6,70,92,543	4,44,43,915
Less: Provision for Income Tax	(2,05,25,000)	(90,00,000)
Provision for Deferred Tax	(12,82,989)	(63,51,942)
Net Profit after Tax	4,52,84,554	2,90,91,973
Add: Previous years profit brought forward	14,65,85,402	11,74,93,429
Balance Profit carried forward	19,18,69,956	14,65,85,402

### B. REVIEW OF OPERATIONS

During the year under review your company achieved a sale of Rs. 7886.80 lakhs (previous year Rs. 5556.86 lakhs) resulting in an increase of 42 over the previous year. The profit before tax is at Rs. 670.92 lakhs (previous year Rs. 444.44 lakhs) resulting in an increase of 51%.

### C. DIVIDEND

Your directors do not recommend dividend for the year ended 31st March 2014 with a view to conserve resources.

### D. FUTURE PROSPECTS

The company has been able to effectively utilize the capacity added during the past two years. This has resulted in steep growth in sales during the past two years. The company is now consolidating its product range and intends to market its products more effectively by better penetration of markets.

In addition to bulk drugs and formulations, pharmaceutical intermediates now form an intrinsic portion of the company's

product portfolio. The company plans on improving sales and profitability during the next year.

### E. PARTICULARS OF EMPLOYEES

No details as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given, as there are no employees drawing remuneration in excess of the prescribed limits

### F. CONSERVATION OF ENERGY-TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE ETC.

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is given in Annexure A attached.

### G. OTHER DISCLOSURES

The company does not have any Employees Stock Option Scheme in force and hence particulars are not furnished, as the same are not applicable.

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure B.

### H. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- That the selected accounting policies were applied consistently and the directors 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 March 31, 2014, and that of the profit of the Company for the year ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the annual accounts have been prepared on a going concern basis.

### I. DIRECTORS

Mrs. Pushpa Lawande was inducted as an Additional Director on the Board of the Company on 1st June, 2014 in order to



comply with the provisions of Section 149 of the Companies Act, 2013 requiring a listed Company to have a woman Director. However due to her ill health she tendered resignation w.e.f 1st July, 2014 which was duly noted by Board of Directors.

The Board of Directors at their meeting held on 30th July 2014 approved re-appointment of Mr. Rahul Nachane as Managing Director and CEO subject to approval of Shareholders at ensuing Annual General Meeting of your Company for a further period of three years commencing from June 1, 2014 to May 31, 2017.

Mr. Suman Lad, Independent Director of the Company was liable to retire by rotation in this Annual General Meeting. However pursuant to provisions of Section 149, Section 150, Section 152 read with Schedule IV of the Companies Act, 2013 Mr. Suman Lad is appointed as an Independent Director for the period of five consecutive years from 1st April, 2014 to 31st March, 2019. The resolution for his appointment is put forward for your approval.

Likewise the term of office of Mr. Milind Shinde is liable to be determined by retirement of Director by rotation pursuant to provisions of Companies Act, 1956. However pursuant to provisions of Section 149, Section 150, Section 152 read with Schedule IV of the Companies Act, 2013 Mr. Milind Shinde is appointed as an Independent Director for the period of five consecutive years from 1st April, 2014 to 31st March, 2019. The resolution for his appointment is put forward for your approval.

The Company has received notice in writing from member along with requisite fee proposing candidature of Mr. Suman Lad and Mr. Milind Shinde as Independent Directors of the Company. Your Directors recommend their appointment.

#### **J. RATING**

The company has been rated by Crisil Ltd for SME and bank rating. The SME rating has been awarded "SE 1B" indicating highest performance capability and moderate financial strength. The bank rating has been awarded BBB-/Stable. The company has also been rated by ICRA Ltd for bank borrowing and has been awarded BBB-/Stable.

#### **K. AUDITORS**

M/s Bharat Gandhi & Co., Chartered Accountants, Mumbai bearing ICAI Firm Registration No as 101214W are proposed to be appointed as Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the Thirty sixth Annual General Meeting of the Company held thereafter, subject to ratification of the appointment by the members at every Annual General Meeting held after the ensuing Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Bharat Gandhi & Co, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under, as may be applicable.

#### **L. COST AUDITOR**

M/s Krishna S & Associates, Cost Accountant are appointed as Cost Accountants in compliance of Section 148(1) read with Section 139 of the Companies Act, 2013 to audit Cost

records maintained by the Company for the financial year ended March 31, 2015. The resolution for ratification of remuneration paid to them is put forward for your approval in compliance of Section 148 read with Companies (Audit and Auditors) Rules, 2014.

#### **M. INTERNAL AUDITORS**

The company has appointed M/s R Devarajan & Co, Chartered Accountants, Mumbai, as internal auditor of the company for financial year 2014-15.

#### **N. SECRETARIAL AUDITOR**

The Company has appointed Mr. Hemant Shetye, Partner of M/s HS Associates as Secretarial Auditor of the Company to carry out the Secretarial Audit for the Financial Year 2014 - 2015 and to issue Secretarial Audit Report as per the prescribed format under rules in terms of Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### **O. SUBSIDIARY COMPANIES**

The company does not have any subsidiary company and therefore provision with respect to Section 212 of the Companies Act, 1956 are not applicable to the Company.

#### **P. CORPORATE GOVERNANCE REPORT**

Corporate Governance Report prepared by HS Associates, Company Secretaries, is annexed hereto.

#### **Q. COMPLIANCE CERTIFICATE**

The Company has obtained Compliance Certificate pursuant to provisions of Section 383A of Companies Act, 1956 from M/s HS Associates, Company Secretaries and is annexed hereto.

#### **R. COMMITTEES OF THE BOARD**

Pursuant to provisions of section 292 (A) of Companies Act, 1956 and clause 49 of listing agreement, the Board has formed Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance Committee in compliance with listing agreement.

#### **S. ACKNOWLEDGEMENTS**

Your Directors take this opportunity to express their gratitude for the continued co-operation extended by the employees and stakeholders of the company.

It is with great regret the Board has to inform you of the demise of Mr. R. N. Bhalerao, Director of the Company on 2nd March 2014. Mr. Bhalerao has been on the Board as an Independent Director since 1994 and his contribution towards the growth and stability of the company has been immense. The board and employees of the company will greatly miss his wisdom, knowledge, integrity and encouragement.

For and on behalf of the Board of Directors

Rahul Nachane  
Chairman & Managing Director  
DIN 00223346

Mumbai, July 30, 2014.



## ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2014.

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

### Conservation of Energy

Following activities were taken to conserve Energy

1. Energy audits to identify key areas for improvement in energy efficiency of processes adopted and eliminating wastage.
2. Implementation of the energy conservation methods and improving input-output ratios.
3. Replaced fossil fuel (furnace oil) boiler with renewable energy source (agro waste) boiler at both the sites in Tarapur.
4. Replaced fluorescent lights with CFL and LED lights at the plants.
5. For the boiler at the Navi Mumbai plant, the fuel has been replaced from light diesel oil to bio-diesel. Fossil fuel is replaced with plant based diesel.

### Form A for disclosure of particulars with respect to Conservation of Energy:

	2013-2014	2012-2013
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
(a) Purchases		
Units	28,39,687	22,56,295
Amount (Rs.)	2,12,89,145	2,10,43,040
Rate per unit (Rs.)	7.50	9.33
(b) Own Generated		
Units	36,458	32,689
Amount (Rs.)	7,58,396	5,42,298
Rate per unit (Rs.)	20.80	16.59
2. Coal		
Quantity (kg)	6,71,085	--
Amount (Rs.)	49,83,997	--
Rate per unit (Rs.)	7.43	--
3. Furnace Oil		
Quantity (litres)	88,745	1,23,660
Amount (Rs.)	37,26,468	50,14,900
Rate per unit (Rs.)	41.99	40.55
4. Others (Light Diesel Oil)		
Quantity (litres)	--	1,050
Amount (Rs.)	--	65,783
Rate per unit (Rs.)	--	62.65
5. Others (Biomass Briquettes)		
Quantity (kg)	10,49,670	21,18,390
Amount (Rs.)	68,75,347	1,30,01,473
Rate per unit (Rs.)	6.55	6.14
6. Others (Bio-Diesel)		
Quantity (kg)	35,742	--
Amount (Rs.)	15,27,460	--
Rate per unit (Rs.)	42.74	--

### B. Consumption per unit of production

Pharmaceuticals \* \*

\* Cannot be ascertained due to varied nature of output.

### Form B for disclosure of particulars with respect to Technology Absorption:

#### Research and Development (R&D):

The company carries out research & development activities at its own laboratory. The benefits from research & development cannot be quantified and hence are not disclosed.

Expenditure on R&D for the year ended 31st March 2014.

(a) Capital	Rs. 60.29 lakhs
(b) Recurring	Rs. 61.08 lakhs
(c) Total	Rs 121.37 lakhs
(d) As percentage of turnover	1.54%

#### Technology Absorption, Adaptation and Innovation

The company has not absorbed any technology under a formal technology transfer arrangement during the year. The company carries out Research & Development in its own laboratory.

#### Foreign Exchange Earnings and Outgo

Total Foreign Exchange Earned	Rs. 59,52,93,937
Total Foreign Exchange Used	Rs. 8,01,25,768



## ANNEXURE B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2014.

### CORPORATE GOVERNANCE REPORT

#### 1. Company's philosophy

The Company firmly believes in and has consistently practised good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company will endeavour to improve on these aspects on an ongoing basis.

#### 2. Board of Directors

The Board of the Company comprises of four Directors out of which one is the Managing Director & one is an Executive Director. The other two Directors are independent non-executive Directors. There are no Nominee/Institutional Directors. The Board of the Company comprised of five Directors and three independent directors till 2nd March 2014. The reduction in number of independent directors is due to the demise of Mr. R. N. Bhalerao.

None of the Directors have any pecuniary or business relationship with the Company except to the extent as disclosed in Note 26 (g). No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

During the year there were in total four board meetings held on 8th May 2013, 8th August 2013, 13th November 2013 and 29th January 2014. The time gap between the two meetings was not more than four months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

The composition of the Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships/membership of committees is as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorships	Committee Memberships in other Companies
R. J. Nachane	MD	4	Yes	1	--
R. N. Lawande	ED	4	Yes	1	--
R. N. Bhalerao*	NED	0	No	--	--
M. V. Shinde	NED	4	Yes	--	--
S. S. Lad	NED	4	Yes	--	--

- MD – Managing Director
- ED – Executive Director NED – Non Executive Director

\* Ceased to be director with effect from 2nd March 2014

Director seeking appointment/re-appointment at the forthcoming Annual General Meeting (pursuant to Clause 49 VI (IA) of the Listing Agreement).

A) Appointment of Mr. Rajesh Lawande, Whole-time Director and CFO retiring by rotation, eligible for re-appointment:

- Name of Director: Rajesh Lawande
- Age: 38 years
- Qualifications: MSC, PGDBA
- Expertise in functional areas: Chemistry, Research & Development, Finance & Marketing

- Directorships in other Indian public limited companies & other firms as on 31.03.2014 Helion Labs Private Limited
- Shareholding 1064734 Equity shares

B) Appointment of Mr. Rahul Nachane, Managing Director for a period of 3 years:

- Name of Director: Rahul J. Nachane
- Age: 49 years
- Qualifications: B.Com, ACA, MMS, DBF
- Expertise in functional areas: Finance & Marketing
- Directorships in other Indian public limited companies & other firms as on 31.03.2014 Tele Access e-Services Private Limited
- Shareholding 1083450 Equity shares

C) Appointment of Mr. Suman Lad as an Independent Director of the Company

- Name of Director: Suman S. Lad
- Age: 84 years
- Qualifications: B. Com, CA, LLB
- Expertise in functional areas: ex-Banker
- Directorships in other Indian public limited companies & other firms as on 31.03.2014 Sanghvi Woods Pvt. Ltd. Kirti Stationers Pvt. Ltd.
- Shareholding Nil

D) Appointment of Mr. Milind Shinde as an Independent Director of the Company

- Name of Director: Milind V. Shinde
- Age: 48 years
- Qualifications: B. E.
- Expertise in functional areas: Over 25 years experience in business. He is a first generation entrepreneur and has his own business operating in the engineering sector.
- Directorships in other Indian public limited companies & other firms as on 31.03.2014 Nil
- Shareholding Nil

#### 3. Committees of the Board:

##### a. Audit Committee

Pursuant to the provisions of section 292(A) of The Companies Act, 1956 & clause 49 of the Listing Agreement, an Audit Committee comprising of 3 Non Executive Independent Directors & 1 Executive Director was constituted.





Following are the members of the Committee.

1. Mr. Suman S. Lad – Chairman
2. Mr. Milind V. Shinde – Member
3. Mr. Rajesh N. Lawande – Member
4. Mr. R. N. Bhalerao\* – Member

\* Ceased to be committee member with effect from 2nd March 2014

The Audit Committee has held 4 meetings during the year. The attendance of the meetings is given below.

Name of Director	Category of Directorship	No. of Committee Meetings attended
S. S. Lad	NED	4
M. V. Shinde	NED	4
R. N. Bhalerao	NED	0
R. N. Lawande	ED	4

**Broad terms of reference of the Audit Committee are as per following:**

- Approving and implementing the audit procedures and techniques.
- Reviewing audit reports with the auditors and management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Approval of related party transactions.
- Appointment of statutory auditor and fixing their remuneration.

#### b. Remuneration Committee

The Stock Exchange Listing Agreement non-mandatory requirement stipulates that the Remuneration Committee should comprise of at least two Non Executive Independent Directors. However as stipulated in Schedule XIII of Companies Act, 1956, the Remuneration Committee should comprise of at least 3 (Three) Non Executive Independent Directors. The Remuneration Committee of the Company comprises of 3 ( Three ) Non Executive Independent Directors till 2nd March, 2014.

**Broad terms of reference of the Remuneration Committee are as per following:**

- Approving the terms of appointment and salary to be paid to managerial personnel.
- Approval of all elements of remuneration package to individual directors summarized under major groups such as salary benefits, bonuses & stock options.
- Approval of service contracts, notice period and severance pay.

#### Remuneration Policy

The remuneration of the managing director and executive director is recommended by the remuneration committee, then approved by the board of directors and subsequently by the shareholders in general meeting within the limits prescribed in Companies Act, 1956. The nonexecutive directors are paid sitting fees for board meetings attended by them.

Details of remuneration paid to Executive Directors:

Name of Director	Designation	Salary	Provident Fund & Gratuity Fund
Mr. Rahul Nachane	MD	Rs. 30,00,000	Rs. 1,80,000
Mr. Rajesh Lawande	ED	Rs. 30,00,000	Rs. 1,80,000

Mr. Rahul Nachane is appointed as Managing Director with effect from 1st June 2014 for a period of 3 years, Mr. Rajesh Lawande has been re-appointed as Executive Director with effect from 1st June 2010 for a period of 5 years.

During the year the Non-Executive Directors were paid sitting fees as per the details given below.

#### Sitting Fees

Name	Rupees	No. of equity shares	Non convertible instruments
Mr. Ramchandra Bhalerao	–	1,000	Nil
Mr. Milind Shinde	20,000	Nil	Nil
Mr. Suman Lad	20,000	Nil	Nil

\* Ceased to be committee member with effect from 2nd March 2014

The company has no pecuniary relationship or transaction with any of the Directors of the company save as otherwise mentioned in this annual report.

#### c. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee has been constituted. The committee consists of two Non Executive Independent Directors & Compliance Officer. The committee looks into the shareholders and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

Following are the members of the Committee.

1. Mr. Suman Lad – Chairman
2. Mr. Milind Shinde – Member
3. Mr. Rajesh Lawande – Compliance Officer

The committee held 4 meetings during the year. The attendance by members is as follows:

Name of Director	Category of Directorship	No. of Committee Meetings attended
S. S. Lad	NED	4
M. V. Shinde	NED	4
R. N. Lawande	ED	4

The company received One complaint from the shareholders during the year which was resolved during the year and none remained pending at the end of the year. Further, during the year ended on 31st March 2014 the company approved transfer of 38,885 Equity shares of Rs.5/- each

#### 6. General Body Meetings:

Financial Year	Date	Time	Venue	Special Resolution(s)
2010-11 AGM	August 18, 2011	11.30 am	Regd. Office	1. Appointment of Mr. Rahul Nachane as Managing Director
2011-12 AGM	August 17, 2012	11.30 am	Regd. Office	NIL
2012-13 AGM	August 9, 2012	11.30 am	Lion's Club Hall, Sector 10, Plot No. 12, Near Dmart Mall, Kopar Khairane, Navi Mumbai – 400 709	NIL





No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

## 7. Disclosures

During the year under review, besides the transactions reported under Note 26 (g) to the Balance Sheet, there were no other related party transactions with the promoters, directors, the management or their relatives during the year with potential conflict of interest with the Company at large.

The Company has voluntarily filed consent application with SEBI pursuant to delay in filing of disclosures under Regulations 8(3) of the SEBI (Substantial Acquisition of Shares) and Takeover Regulations, 1997 for the period 1998 to 2002 and 2004 and Regulations 6(2)/6(4) of the SEBI (Substantial Acquisition of Shares) and Takeover Regulations, 1997. An order dated 8th October 2013 was received from SEBI levying a settlement charge of Rs. 2,75,625/- which was paid on 9th October 2013 in full compliance of the order.

The company has received intimation from some shareholders requesting that they be re-classified as shareholders from the promoter category to public category as they are not involved in the management of the company. Accordingly the company has now classified them as public shareholders and this intimation has also been filed with the Bombay Stock Exchange. The total number of shareholders who have been thus reclassified are 7 and the total share are 234034 Equity Shares. As a result of this reclassification the promoter's holding has reduced from 4117235 Equity shares constituting 66.64% of paid up Share Capital of the Company to 3883201 Equity shares constituting 62.85% of paid up Share Capital of the Company

Apart from this there were no instances of non-compliance on any matter related to the capital markets during the past three years and none of the Stock Exchanges or SEBI imposed any penalties or strictures on the Company.

The board affirms that no person has been denied access to the audit committee during the year. The company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

## 8. Means of Communication

The quarterly/yearly results are normally submitted to Stock Exchanges immediately after board meetings. The results are also published in Free Press Journal & Navshakti. The results are also displayed at the company's website at [www.nglfinechem.com](http://www.nglfinechem.com). Matters of material nature are communicated to the stock exchanges.

No presentation was made during the year either to Institutional Investors or to the analysts.

Management Discussion & Analysis Report is attached herewith forming part of the Annual Report.

## 9. General Shareholder Information

- The 33rd Annual General Meeting is proposed to be held on Friday, September 12, 2014 at 11.30 a.m. at Lion's Club Hall, Sector 10, Plot No 12, Near Dmart mall, Kopar Khairane, Navi Mumbai - 400 705
- The financial year of the company is from April to March.

### Financial calendar

- \* Audited annual results of year By 4th week of May
- \* Annual General Meeting By 2nd week of September
- \* First Quarter results By Mid August
- \* Second Quarter & Half year results By Mid November
- \* Third Quarter results By Mid February

## Dates of book closure

Thursday, September 4, 2014 to Friday, September 12, 2014 (both days inclusive)

## Dividend

The Board of Directors have not proposed any dividend for the year ended 31st March 2014 with a view to conserve resources.

## Listing of equity shares on Stock Exchanges

The Companies Shares are listed on Bombay (BSE) with scrip code as 524774.

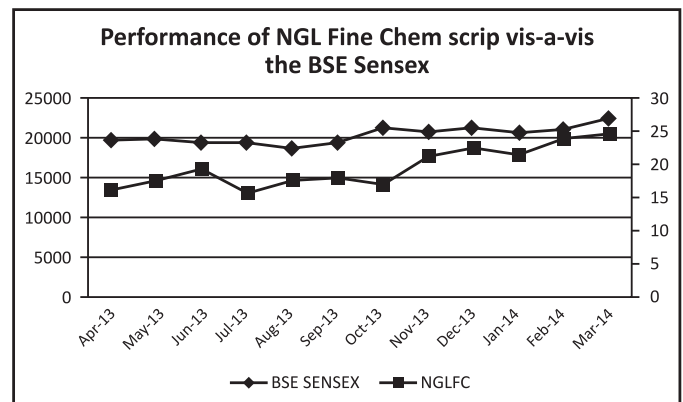
## Names of depositories for dematerialization of equity shares

Name of depository	ISIN No.
National Securities Depository Ltd.	INE887E01022
Central Depository Services (India) Ltd.	INE887E01022

## Stock market price data for the year 2013-2014 (BSE)

Month	BSE		
	High	Low	Volume of shares traded (Nos)
April 2013	16.25	14.95	311
May 2013	18.50	16.90	29,222
June 2013	20.30	17.90	2,554
July 2013	18.35	15.70	14,536
August 2013	18.25	14.95	12,262
September 2013	19.80	17.20	3,801
October 2013	19.10	16.55	12,376
November 2013	21.50	17.05	48,529
December 2013	23.55	20.00	48,771
January 2014	27.45	21.30	50,288
February 2014	24.65	20.05	27,898
March 2014	28.15	23.60	83,528

## Performance in comparison to broad-based indices such as BSE Sensex.





### E-Voting Facility to members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

### Registrar and Share Transfer Agent

The Company has appointed M/s Purva Shareregistry (India) Private Limited for processing and approving the transfer of shares. Their contact details are as follows:

Purva Shareregistry (India) Pvt. Ltd.  
Shiv Shakti Industrial Estate, Unit No. 9,  
7-B, J. R. Boricha Marg, Sitaram Mills Compound,  
Mumbai 400011. Tel: (022) 23016761 Fax: (022) 23012517  
Email: busicompany@vsnl.com

### Share Transfer System

The share transfer of securities in physical form are registered, duly transferred and dispatched within 15 days of the receipt, if the transfer documents are in order. The share transfers are approved every fifteen days. The shares in de-materialized form are processed and transferred within 15 days from receipt of de-materialization requests.

### De-materialization of shares

As on 31.03.2014, 78.15% of the Company's total shares representing 48,28,134 shares were held in de-materialized form & the balance 21.85% representing 13,49,890 shares in paper form. The details are given below

Type	No. of Shares Held	% Shareholding
<u>De-materialized shares</u>		
With N.S.D.L	29,24,521	47.34
With C.D.S.L	19,03,613	30.81
Total demat shares	48,28,134	78.15
Physical shares	13,49,890	21.85
	61,78,024	100.00

Company has not issued either ESOP or any GDRs/ADRs/ Warrants/ Convertible instrument.

### Categories of Shareholders as on March 31, 2014

Category	No. of Shares Held	% Shareholding
Bodies Corporate	6,80,121	11.01
Directors & their relatives	38,83,201	62.85
General Public	16,12,671	26.10
NRI/OCB	2,031	0.04
	61,78,024	100.00

### Distribution of shareholding as on March 31, 2014

No. of shares	No. of Shareholders	% of Shareholders	Shareholding (Rs.)	% of Shareholding
Up to 5000	2,795	92.37	28,44,580	9.21
5001 – 10000	108	3.57	8,53,280	2.76
10001 – 20000	54	1.78	7,41,720	2.40
20001 – 30000	17	0.56	4,13,150	1.34
30001 – 40000	7	0.23	2,64,535	0.86
40001 – 50000	10	0.33	4,85,235	1.57
50001– 100000	12	0.40	8,81,755	2.85
100001 & above	23	0.76	2,44,05,865	79.01
	3,026	100.00	3,08,90,120	100.00

### Plant Locations

The Company's plants are located in Navi Mumbai & Tarapur. The addresses of the plants are given below:

Unit NGL: W142C TTC MIDC Industrial Area, Thane Belapur Road, Pawane Village, Navi Mumbai 400 705.

Unit Alpha: W41C & W42C, MIDC Tarapur, Boisar, District Thane 401506.

Unit Konarak: F11 MIDC Tarapur, Boisar, District Thane 401506.

### Address for correspondence

The Company's administrative office is situated at 2 New Metalage Industrial Premises, Subhash Road, Jogeshwari East, Mumbai 400 060.



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**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER**

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To,  
The Board of Directors,  
W-142C TTC MIDC Industrial Area, Pawane Village,  
Thane Belapur Road, Navi Mumbai 400 705.

We hereby certify that for the financial year, ending 31st March, 2014 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

5. We further certify that:
  - a. There have been no significant changes in internal control during the year;
  - b. There have been no significant changes in accounting policies during the year.
  - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Rahul Nachane  
*Managing  
Director*  
DIN 00223346

Rajesh Lawande  
*Executive  
Director*  
DIN 00327301

Date: July 30, 2014.  
Place: Mumbai.

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**DECLARATION**

I, Mr. Rahul Nachane, Managing Director of the Company hereby declare that all Board members and senior management personnel shall affirm compliance with the code on an annual basis.

Rahul Nachane  
Managing Director  
DIN 00223346

Date: July 30, 2014.  
Place: Mumbai.



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## COMPANY SECRETARY IN PRACTICE'S REPORT ON CORPORATE GOVERNANCE

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The Board of Directors  
**NGL Fine Chem Limited**  
W142C TTC MIDC Industrial Area,  
Pawane Village, Navi Mumbai 400 705.

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2014, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied

in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

We further state that our examination of 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.

For HS Associates  
*Company Secretaries*

*Sd/-*

Hemant Shetye  
Partner

Mumbai, July 30, 2014.

FCS – 2827  
COP – 1483

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### Industry Structure & Developments

The Indian pharmaceutical industry is highly fragmented with more than 10,000 manufacturers in the organized and unorganized sectors. Industry is largely concentrated in the states of Maharashtra, Gujarat and Andhra Pradesh accounting for about 45% of the manufacturing units in India. Products manufactured can be broadly classified into two segments bulk drugs (i.e active pharmaceutical ingredients – APIs) and formulations. Of the total pharmaceutical units about 77% produce formulations and the remaining 23% produce bulk drugs. Bulk drug is an active constituent with medicinal properties, which acts as basic raw material for formulations. Formulations are specific dosage forms of a bulk drug or a combination of bulk drugs. Formulations are sold as syrups, creams, ointments, injections, tablets, capsules, etc.

The global API market can broadly be divided into regulated and semi regulated markets. The semi regulated markets like India offer low entry barriers in terms of regulatory requirements and intellectual property rights. The highly regulated markets, like the United States, Europe and Japan, have high entry barriers in terms of intellectual property rights and regulatory requirements, including facility approvals. As a result, there is a premium for quality and regulatory compliance along with relatively greater stability for both volumes and prices. The regulatory process by which API manufacturers generally register their products for commercial sale in the U.S. and other similarly regulated countries is via the filing of a Drug Master File (DMF). DMFs are confidential documents containing information on the manufacturing facility and processes used in the manufacture, characterization, quality control, packaging and storage of an API. The DMF is reviewed for completeness by the FDA, or other similar regulatory agencies in other countries, in conjunction with applications filed by finished dosage formulation manufacturers, requesting approval to use the given API in the production of their drug products. For European markets, companies need to submit a European Drug Master File (EDMF) and, where applicable, obtain a certificate of suitability (CoS) from the European Directorate for the Quality of Medicines.

### Market Trends & Outlook

The global pharmaceutical industry has grown from US \$575 billion in 2003 to USD \$920.5 by year 2012 with a compounded growth of 5.5%. The global meltdown of 2008 affected the sector and slowed the growth to 2.5%-3% during the last four years. During 2012 the Americas accounted for the largest market share valued at US\$ 417.6 billion, followed by Europe US\$ 224.3 billion, Asia/Africa/Australia at US\$ 168.1 billion and Japan at US\$ 110.5 billion.

India's pharmaceutical sales were US\$ 22.6 billion in 2012 and were expected to rise to US\$ 23.6 billion in 2013 and reach US\$ 27 billion in 2016. India is amongst the top 5 pharmaceutical emerging markets. The double digit growth of India's pharmaceutical market can be attributed to several socio-economic factors such as increasing sales of generic medicines, continued growth in chronic therapies and greater penetration of rural markets. Other factors are heightened health awareness, increasing affluence, changing lifestyles resulting in higher incidence of lifestyle diseases, increasing government expenditure on healthcare and a nascent yet fast growing health care industry. In addition, the nation's low cost of production and R&D boosts the efficiency of the Indian pharmaceutical industry and its competitive cost advantage enhances exports.

### Risks & Concerns

Risk is all about the vulnerability arising out of financial and non-financial risks. Risk measurement and minimization has hence assumed significance. The major non-financial risks faced are:-

Product portfolio risk: Narrow range of products can translate into fluctuating fortunes in terms of sales. A substantial portion of sales is derived from exports. Changes in the exchange rate can have a major impact on the fortunes of the company. The company is in the process of establishing its core competency in the existing product range and be a preferred supplier by stressing on quality and delivery systems. Attempts are being made to increase the portfolio of products.

Geographical risk: Current consumption of the company's main products is in Europe. Economic or natural occurrences can affect the business.



Competition risk: Potential competition can displace the company from the market. Competition in its normal course can be healthy. The company is now stressing on cost reduction strategies, process improvements and quality up-gradation to maintain its edge in the market.

Environment, safety and health risk: Risk associated with protection of the environment, safety and health of people at work and that of people in contact with its products is monitored regularly in compliance with the prescribed methods.

#### Product-wise performance

The growth in sales for the year was high primarily as new clients have been acquired and additional products introduced into the market.

#### Internal Control Systems & Adequacy

The company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources.

## COMPLIANCE CERTIFICATE

**Regn/CIN No. of the Company: L24110MH1981PLCO25884.**

**Nominal Capital: Rs. 5,00,00,000/-**

**Issued Capital: Rs 3,08,90,120/-**

To,  
THE MEMBERS,  
**NGL FINE CHEM LIMITED**  
Regd. Office:W142(C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road,  
Navi Mumbai – 400 705.

We have examined the registers, records, books and papers of **NGL FINE-CHEM LIMITED**, (“the Company”) as required to be maintained under the Companies Act, 1956 and applicable notified Sections of Companies Act, 2013 (the “Act”) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st MARCH 2014** (“financial year”). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid up Capital.
4. The Board of Directors duly met **(4) Four** times on **8th May 2013, 8th August 2013, 13th November 2013 and 29th January 2014** in respect of which meetings proper notices

#### Financial Performance

The sales have increased by 42% over the previous year to Rs 7886.80 lakhs. Profit has increased to Rs 670.92 lakhs which is an increase of 51% over the previous year. Future performance drivers are improved productivity and a growing product portfolio to offer our global customers.

#### Human Resources

The Company regards its employees amongst the most valuable assets and proactively reviews its policies to attract and retain its pool of scientific and managerial resources. Performance of individual and teams is recognized through a judicious mix of incentives & performance bonuses.

#### References

1. 2014 Global life sciences outlook released by Deloitte

were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.

5. The Company has closed its Register of Members from **Thursday, August 1, 2013 to Friday, August 9, 2013** (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31st March, 2013** was held on **Saturday, 10th August 2013** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of Contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The Company has duly complied with the provisions of Section 314 of the Act for the transactions entered therein.
12. The Company has issued 2 duplicate certificates for 200 equity shares of Rs. 5/- each during the Financial Year.
13. The Company has:
  - (i) The Company approved transfer of 38,885 Equity shares of Rs.5/- each during the year. Apart from this there was no allotment or transmission of securities during the financial year.
  - (ii) Not deposited any amount in a separate bank account as no dividend was declared during the financial year.



- (iii) Not paid dividends to any members within a period of 30 (thirty) days from the date of declaration as no dividend was declared.
- (iv) Not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years, to Investor Education and Protection Fund as no amount in respect of the above were lying in the books of accounts of the Company is to be transferred.
- (v) Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of Additional Director, Alternate Director and Director to fill casual vacancy during the financial year. However there was cessation of one Director due to death during the financial year.
15. The company has not appointed the Managing Director/Whole time Director or Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. No approvals were required to be obtained of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no Preference Share Capital or Debentures and as such there was no redemption of Preference Shares or Debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to Dividend, Rights Shares and Bonus Shares pending registration of Transfer of Shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The Company has borrowed amount from Financial Institution, Banks but not from Directors, Members and others during the financial year. The said borrowing is within the limit as specified under section 293(1)(d) of the Companies Act 1956.
25. The Company has made investments, however not given any loan or guarantees or not provided securities to other bodies corporate in compliance with the provisions of section 372A of the Act and has made necessary entries in the register kept for the purpose. The said investments are within the limit as specified under section 372A of the Companies Act 1956.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution of Provident Fund with prescribed authorities pursuant to section 418 of the Act.

**For HS Associates  
Company Secretaries**

**Sd/-  
Hemant Shetye  
Partner  
FCS - 2827  
COP - 1483**

**Place: Mumbai  
Date: July 30, 2014**

#### **ANNEXURE "A"**

#### **REGISTERS AND RECORDS MAINTAINED BY THE COMPANY**

- a) Register of members under Section 150.
- b) Index of members under Section 151.
- c) Register of Transfers.
- d) Registers and Returns under Section 163.
- e) Register of Contracts under Section 301.
- f) Register of Directors, Managing Director, Manager and Secretary under Section 303.
- g) Register of Director's shareholdings under Section 307.
- h) Register of Inter Company investments under Section 372A.
- i) Register of Charges under Section 143.
- j) Register of Share application and allotment.
- k) Minutes Book under Section 193.
- l) Books of Account under Section 209.
- m) Attendance Register of Board of Directors.





**ANNEXURE "B"**

**FORMS AND RETURNS AS FILED BY THE COMPANY WITH THE REGISTRAR OF COMPANIES, REGIONAL DIRECTOR,  
COMPANY LAW BOARD DURING THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2014.**

<b>Sr. No.</b>	<b>Forms</b>	<b>Sections</b>	<b>Date of filing</b>	<b>Particulars</b>
1.	e-form 23C	233(B)	14/06/2013	Intimation for appointment of Cost auditor
2.	e-form 66	383A	26/08/2013	Submission of Compliance Certificate for the year ended March 31, 2013
3.	e-form 20B	159	9/10/2013	Submission of Annual Return for the year ended March 31, 2013
4.	e-form 23AC XBRL and e-form ACA XBRL	220	9/10/2013	Submission of Balance Sheet & Profit & Loss A/c for the Year ended March 31, 2013
5.	e-form 8	125	11/10/2013	Particulars of Modification of Charges.
6.	e-form 23B	224	06/11/2013	Information by auditor to Registrar for the financial year 2012-13

**For HS Associates  
Company Secretaries**

**Sd/-  
Hemant Shetye  
Partner  
FCS - 2827  
COP - 1483**

**Place: Mumbai  
Date: July 30, 2014**



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## REPORT OF THE AUDITORS TO THE MEMBERS OF NGL FINE-CHEM LIMITED

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### INDEPENDENT AUDITOR'S REPORT

#### *To the members of NGL Fine Chem Limited Report on the Financial Statements*

We have audited the accompanying financial statements of **NGL Fine-Chem Limited ("the Company")**, which comprises the Balance Sheet as at March 31, 2014, and the Statement of Profit & Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the Accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the Overall presentation of the financial statements.

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

#### **Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014 and

- (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date, and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 Of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and 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 appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
  - e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956.

For BHARAT GANDHI & CO,  
*Chartered Accountants*  
Registration No: 101214W

Mumbai, May 26, 2014

Bharat Gandhi  
*Proprietor*  
Membership No: 34959



Annexure referred to in paragraph (1) of the Auditors' Report to the Members of **NGL Fine-Chem Limited** on the accounts for the year ended 31st March 2014.

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All fixed assets have been physically verified by the management during the year and there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of the assets. No serious discrepancies have been noticed on such verification.
  - (c) During the year there were no substantial disposal of fixed assets.
- (2) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
  - (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification.
- (3) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the order are not applicable.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and with regard to the sale of goods. As per the information and explanations provided to us, there is no major weakness noticed in internal control procedures.
- (5) The company has entered all transactions that need to be entered into a register in pursuance of section 301 of the Companies Act.
- (6) The company has not accepted any deposits from the public.
- (7) In our opinion, the Company has an internal audit system commensurate with the size of the Company's business.
- (8) We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However we are not required to and have not carried out any detailed examination of such accounts and records.
- (9) (a) According to the records of the Company the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, investor education & protection fund, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other statutory dues with the appropriate authorities.
  - (b) There are no undisputed arrears of outstanding statutory dues as at March 31, 2014, for a period of more than six months from the date they became payable.
- (10) The company has no accumulated losses as at March 31, 2014 and has not incurred cash losses during the financial years ended March 31, 2014 & March 31, 2013.
- (11) The company has not defaulted in repayment of dues to financial institutions and banks.
- (12) The company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (13) The company is not a chit fund, nidhi / mutual benefit fund / society and thus no special statutes are applicable.
- (14) The company has made investments in shares and securities and proper records have been maintained of the transactions and contracts and timely entries have been made in the records. The said shares and securities have been held by the company in its own name.
- (15) According to the information and explanations given to us, the company has not given any guaranty for loans taken by others from banks or financial institutions.
- (16) In our opinion and according to the explanations given to us, the term loans taken during the year have been applied for the purpose for which it was obtained.
- (17) According to the Cash Flow Statement for the year ended March 31, 2014, neither have funds raised on short term basis have been utilized for long term investments and nor have funds raised on long term basis been utilized for short term investments.
- (18) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- (19) The company has not issued any debentures during the year and no such debentures are outstanding as on March 31, 2014.
- (20) The company has not made any public issue during the year ended March 31, 2014.
- (21) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For BHARAT GANDHI & CO,  
*Chartered Accountants*  
Registration No: 101214W

Mumbai, May 26, 2014

Bharat Gandhi  
*Proprietor*  
Membership No: 34959



**BALANCE SHEET AS AT 31 MARCH 2014**

	Particulars	Note	As at 31 March 2014		As at 31 March 2013	
			Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholders' funds</b>					
	(a) Share capital	3	3,08,90,120		3,08,90,120	
	(b) Reserves and surplus	4	21,45,48,904	24,54,39,024	16,92,64,351	20,01,54,471
<b>2</b>	<b>Non-current liabilities</b>					
(a)	Long-term borrowings	5	3,36,28,954		3,15,49,908	
(b)	Deferred tax liabilities (net)	6	1,29,35,079	4,65,64,033	1,16,52,090	4,32,01,998
<b>3</b>	<b>Current liabilities</b>					
(a)	Short-term borrowings	7	11,45,70,340		8,74,52,695	
(b)	Trade payables	8	11,62,45,382		11,61,99,327	
(c)	Other current liabilities	9	2,29,91,661		1,64,17,984	
(d)	Short-term provisions	10	1,26,45,364	26,64,52,747	1,05,37,192	23,06,07,198
		<b>TOTAL</b>		<b>55,84,55,804</b>		<b>47,39,63,667</b>
<b>B</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
(a)	Fixed assets					
(i)	Tangible assets	11	18,64,16,241		17,54,69,917	
(ii)	Intangible assets	11	22,31,195		-	
(iii)	Capital work-in-progress	11	-		-	
(b)	Long-term loans and advances	12	1,52,37,203	20,38,84,639	58,66,634	18,13,36,551
<b>2</b>	<b>Current assets</b>					
(a)	Current investments	13	41,48,043		4,24,100	
(b)	Inventories	14	8,49,53,966		9,87,69,040	
(c)	Trade receivables	15	23,78,80,596		15,17,52,751	
(d)	Cash and cash equivalents	16	72,67,170		1,52,88,825	
(e)	Short-term loans and advances	17	1,92,07,280		1,85,73,279	
(f)	Other current assets	18	11,14,110	35,45,71,165	78,19,121	29,26,27,116
		<b>TOTAL</b>		<b>55,84,55,804</b>		<b>47,39,63,667</b>

**Notes 1 to 26 form an integral part of these financial statements**

In terms of our report attached.

**For Bharat Gandhi & Co**

Chartered Accountants

Registration No: 101214W

Bharat Gandhi

Proprietor

Membership No: 34959

Place : Mumbai

Date : May 26, 2014

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

S.S.Lad

**Director**

DIN 00223476

R.N.Lawande

**Executive Director**

DIN 00327301

Place : Mumbai

Date : May 26, 2014

R.J. Nachane

**Chairman & Managing Director**

DIN 00223346

M.V.Shinde

**Director**

DIN 01593560


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014**

Particulars	Note	For the year ended	For the year ended
		31 March 2014	31 March 2013
		Amount (₹)	Amount (₹)
1 Revenue from operations (gross)	19	85,05,59,708	60,06,93,539
Less: Excise duty	19	-6,18,79,463	-4,50,07,689
<b>Revenue from operations (net)</b>		<b>78,86,80,245</b>	<b>55,56,85,850</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	20	39,71,87,474	32,00,40,049
(b) Purchases of stock-in-trade		-	-
(c) Changes in inventories of finished goods and work-in-progress	21	63,77,244	-3,27,31,903
(d) Employee benefits expense	22	7,71,55,079	5,90,65,260
(e) Other expenses	23	19,84,52,119	13,54,65,215
<b>Total</b>		<b>67,91,71,916</b>	<b>48,18,38,621</b>
<b>3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)</b>		10,95,08,329	7,38,47,229
4 Finance costs	24	-1,29,04,669	-1,18,04,034
5 Depreciation and amortisation expense	11	-2,31,97,778	-1,93,34,840
6 Other income	25	8,54,688	18,87,887
<b>7 Profit (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)</b>		7,42,60,570	4,45,96,242
8 Exceptional items		-71,68,027	-1,52,327
<b>9 Profit / (Loss) before extraordinary items and tax (7 + 8)</b>		6,70,92,543	4,44,43,915
10 Extraordinary items		-	-
<b>11 Profit / (Loss) before tax (9 + 10)</b>		6,70,92,543	4,44,43,915
<b>12 Tax expense:</b>			
(a) Current tax expense for current year		-2,05,25,000	-90,00,000
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		-2,05,25,000	-90,00,000
(e) Deferred tax		-12,82,989	-63,51,942
(e) Total tax expense		<b>-2,18,07,989</b>	<b>-1,53,51,942</b>
<b>13 Profit / (Loss) for the year (11-12)</b>		4,52,84,554	2,90,91,973
<b>14 Earnings per share (of Rs. 5/- each):</b>			
(a) Basic		7.33	4.71
(b) Diluted		7.33	4.71

**Notes 1 to 26 form an integral part of these financial statements**

In terms of our report attached.

**For Bharat Gandhi & Co**

Chartered Accountants

Registration No: 101214W

Bharat Gandhi

Proprietor

Membership No: 34959

Place : Mumbai

Date : May 26, 2014

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

S.S.Lad

**Director**

DIN 00223476

R.N.Lawande

**Executive Director**

DIN 00327301

Place : Mumbai

Date : May 26, 2014

R.J. Nachane

**Chairman & Managing Director**

DIN 00223346

M.V.Shinde

**Director**

DIN 01593560


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		6,70,92,543		4,44,43,915
<i>Adjustments for:</i>				
Exceptional Items			1,52,326	
Depreciation and amortisation	2,31,97,778		1,93,34,840	
(Profit) / loss on sale / write off of assets	6,008		1,31,272	
Interest income	-7,10,211		-6,73,241	
Dividend income	-1,38,543		-1,12,506	
Gain on sale of long term investments	-		-6,58,890	
Liabilities / provisions no longer required written back			-	
		2,23,55,032		1,81,73,801
Operating profit / (loss) before working capital changes		8,94,47,575		6,26,17,716
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	1,38,15,074		-4,09,76,877	
Trade receivables	-8,61,27,845		-3,76,63,955	
Short-term loans and advances	-6,34,001		-95,08,632	
Long-term loans and advances	-93,70,569		60,18,630	
Other current assets	67,05,011		-4,79,239	
Current investments	-37,23,943		-	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	46,055		3,61,36,553	
Other current liabilities	65,73,677		-22,70,553	
Other long-term liabilities	-		-	
Short-term provisions	21,08,172		12,43,842	
Long-term provisions	-		-	
		-7,06,08,369		-4,75,00,232
		1,88,39,206		1,51,17,484
Cash flow from extraordinary items		-		-
Cash generated from operations		1,88,39,206		1,51,17,484
Net income tax (paid) / refunds		-2,18,07,989		-1,53,51,942
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>-29,68,783</b>		<b>-2,34,458</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	-3,63,81,306		-4,61,36,859	
Proceeds from sale of fixed assets	-		62,222	
Purchase of long-term investments	-		-	
Proceeds from sale of long-term investments	-		1,54,31,898	
Loans given	-		-	
Loans realised	-		-	
Interest received		7,10,211		6,73,241
Dividend received	1,38,543		1,12,506	
Cash flow from extraordinary items	-		-	
		-3,55,32,552		-2,98,56,992
		-3,55,32,552		-2,98,56,992
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>-3,55,32,552</b>		<b>-2,98,56,992</b>





**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	20,79,046			
Repayment of long-term borrowings	-		-61,64,035	
Net increase / (decrease) in working capital borrowings	2,71,17,645		3,76,73,468	
Proceeds from other short-term borrowings	-		-	
Repayment of other short-term borrowings	-		-	
Net increase / (decrease) in Deferred Tax Liability	12,82,989		63,51,942	
Dividends paid	-		-	
Tax on dividend	-		-	
		3,04,79,680		3,78,61,375
Cash flow from extraordinary items		-		-
<b>Net cash flow from / (used in) financing activities (C)</b>		3,04,79,680		3,78,61,375
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>-80,21,655</b>		<b>77,69,925</b>
Cash and cash equivalents at the beginning of the year		1,52,88,825		75,18,900
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				-
<b>Cash and cash equivalents at the end of the year</b>		72,67,170		1,52,88,825
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 16)		72,67,170		1,52,88,825
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)				-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		72,67,170		1,52,88,825
Add: Current investments considered as part of Cash and cash Equivalents (as defined in AS 3 Cash Flow Statements)				-
<b>Cash and cash equivalents at the end of the year *</b>		72,67,170		1,52,88,825
* Comprises:				
(a) Cash on hand		1,03,240		99,004
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		2,14,601		84,16,661
(ii) In EEFC accounts				-
(iii) In deposit accounts		68,66,967		66,90,798
(iv) In earmarked accounts (Dividend Payment account)		82,362		82,362
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		72,67,170		1,52,88,825

**Notes:**

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.  
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

**See accompanying notes forming part of the financial statements**

In terms of our report attached.

**For Bharat Gandhi & Co**  
Chartered Accountants  
Registration No: 101214W

Bharat Gandhi  
Proprietor  
Membership No: 34959  
Place : Mumbai  
Date : May 26, 2014

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

S.S.Lad  
**Director**  
DIN 00223476

R.N.Lawande  
**Executive Director**  
DIN 00327301

Place : Mumbai  
Date : May 26, 2014

R.J. Nachane  
**Chairman & Managing Director**  
DIN 00223346

M.V.Shinde  
**Director**  
DIN 01593560



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

Note	Particulars
<b>1</b>	<b>Corporate information</b> NGL Fine-Chem Limited (CIN L24110MH1981PLC025884) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its Shares are listed on Bombay Stock Exchange in India. The Company is engaged in pharmaceutical business. It undertakes manufacturing of wide range of products.
<b>2</b>	<b>Significant accounting policies</b>
<b>2.01</b>	<b>Basis of accounting and preparation of financial statements</b>  The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the standard on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956. Accounting Policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
<b>2.02</b>	<b>Use of estimates</b>  The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date the company reassesses the unrecognized deferred tax assets to the extent they have become reasonably certain or virtually certain of realization, as the case may be.
<b>2.03</b>	<b>Tangible fixed assets</b>  Fixed assets are stated at cost. Attributable expenditure of bringing the respective assets to working condition for their intended use is capitalized.  <u>Capital work-in-progress:</u>  Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses.
<b>2.04</b>	<b>Impairment of assets</b>  The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is increased or reversed depending on changes in circumstances.
<b>2.05</b>	<b>Investments</b>  Investments are stated at cost or market value whichever is lower. Where investments have diminished in value the provision is made to the extent of diminution. Quoted, non traded shares are fully written off and not reflected in the investment schedule.
<b>2.06</b>	<b>Inventories</b>  Stock of raw materials, consumable stores and fuel & oil are valued at lower of cost or market value on FIFO basis. Finished goods and work in process are valued at cost of production.
<b>2.07</b>	<b>Foreign currency transactions and translations</b>  (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transactions or the applicable forward contracts.  (ii) Foreign currency liabilities & assets are re-stated at the rate prevailing on the last day of the accounting year or the applicable forward contracts. Gains and losses arising out of such fluctuations are duly dealt with in the profit and loss account.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

Note	Particulars
<b>2.08</b>	<p><b>Provisions and contingencies</b></p> <p>Provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except in respect of employee benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is removed.</p>
<b>2.09</b>	<p><b>Revenue recognition</b></p> <p><b>Sale of goods</b></p> <p>Export Sales are recognized as per the date of the shipping bill. Local Sales are recognized on dispatch of goods to the customers. Sales are shown net of returns and include excise duty.</p> <p><b>Other income</b></p> <p>Dividend income is accounted for when the right to receive dividend is established. Interest income is accounted on accrual basis. Export Duty Drawback and DEPB Incentives are accounted on cash receipt basis.</p>
<b>2.10</b>	<p><b>Employee benefits</b></p> <p>(a) Short term employee benefit obligations are estimated and provided for.</p> <p>(b) Post employment benefits and other long term employee benefits.</p> <ul style="list-style-type: none"> <li>• Defined contribution plans: Company's contribution to provident fund and state employee insurance are determined under the relevant schemes and/or statute and charged to revenue.</li> <li>• Defined benefit plans: Gratuity: Company's liability towards gratuity is actuarially determined at each renewal date using the projected unit credit method. Actuarial gains and losses are recognized in revenue.</li> </ul> <p>Short term benefits (accumulated leave benefit): The expected cost of accumulating compensated absences (leave encashment) that the company expects to pay as a result of unused entitlement that has accumulated as at the Balance Sheet date is provided for on the basis of current salary payable to employees.</p> <p>Long term benefits: The company does not offer any long term benefits such as pension, long service leave, sabbatical leave, long term disability benefits, profit sharing, bonuses and deferred compensation, etc. These are hence not quantified nor provided for.</p>
<b>2.11</b>	<p><b>Borrowing costs</b></p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.</p>
<b>2.12</b>	<p><b>Depreciation and amortisation</b></p> <p>Depreciation in the accounts is charged on the Straight Line Method at the rates and in the manner prescribed by Schedule XIV of the Companies Act, 1956 on the cost, as reduced by the amount of Excise Cenvat &amp; VAT claimed.</p>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

Note	Particulars
	Intangible assets are amortized over a period of 3 years.
<b>2.13</b>	<b>Research &amp; Development</b>
	All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred and expenditure of capital nature is capitalized as fixed assets, and depreciated as per the company's policy.
<b>2.14</b>	<b>Insurance claims</b>
	Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
<b>2.15</b>	<b>Service tax input credit</b>
	Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.
<b>2.16</b>	<b>Taxes on income</b>
	Income taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current & deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date the company reassesses the unrecognized deferred tax assets to the extent they have become reasonably certain or virtually certain of realization, as the case may be.
<b>2.17</b>	<b>Segment reporting</b>
	Based on the guiding principles given by the Accounting Standard – 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company's business comprises of only one segment - pharmaceuticals. Hence segment wise analysis is not given as the same is not applicable.
<b>2.18</b>	<b>Earnings per share</b>
	Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.
<b>2.19</b>	<b>Cash flow statement</b>
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
<b>2.20</b>	<b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b>
	Cash comprises cash on hand and demand & fixed deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



### Note 3 Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Total Value of Shares (₹)	Number of shares	Total Value of Shares (₹)
(a) Authorised Capital Equity shares of ₹ 5/- each with voting rights	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
(b) Issued, Subscribed and Fully Paid Capital Equity shares of ₹ 5/- each with voting rights	61,78,024	3,08,90,120	61,78,024	3,08,90,120
<b>Total</b>	<b>61,78,024</b>	<b>3,08,90,120</b>	<b>61,78,024</b>	<b>3,08,90,120</b>
(c) Reconciliation of shares outstanding				
At the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>61,78,024</b>	<b>3,08,90,120</b>	<b>61,78,024</b>	<b>3,08,90,120</b>
(d) Details of shares held by each shareholder holding more than 5% equity shares with voting rights :				
Rahul J Nachane	10,83,450	17.54%	10,83,450	17.54%
Rajesh N Lawande	10,64,734	17.23%	10,64,734	17.23%
Sunita Sandip Potdar	8,92,957	14.45%	8,92,957	14.45%
Ajita Rahul Nachane	7,13,549	11.55%	7,13,549	11.55%
PCI Fermone Chemicals (I) Pvt. Ltd.	5,19,071	8.40%	5,19,071	8.40%

#### (e) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### Note 4 Reserves and surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
(a) Capital reserve		
At the beginning of the year	1,50,00,000	1,50,00,000
Additions/(-) Deductions during the year		
At the end of the year	1,50,00,000	1,50,00,000
(b) Securities premium account		
At the beginning of the year	11,73,981	11,73,981
Additions/(-) Deductions during the year		
At the end of the year	11,73,981	11,73,981
(c) General reserve		
At the beginning of the year	25,00,000	25,00,000
Additions/(-) Deductions during the year		
At the end of the year	25,00,000	25,00,000
(d) Amalgamation Reserve Account		
At the beginning of the year	40,04,968	40,04,968
Additions / (-) Deductions during the year		
At the end of the year	40,04,968	40,04,968
(e) Surplus / (-) Deficit in Statement of Profit and Loss		
At the beginning of the year	14,65,85,402	11,74,93,429
Profit / (-) Loss for the year	4,52,84,554	2,90,91,973
At the end of the year	19,18,69,955	14,65,85,402
<b>Total (a + b + c + d + e)</b>	<b>21,45,48,904</b>	<b>16,92,64,351</b>



#### Note 5 Long-term borrowings

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Secured (₹)	Unsecured (₹)	Secured (₹)	Unsecured (₹)
(a) Term loans from banks:				
Bank of Maharashtra Term Loans	3,14,85,221	-	3,12,62,733	-
Bank of Maharashtra Vehicle Loan	18,56,558	-	-	-
(b) From others				
Capital Subsidy Loan - Development Corporation of Konkan	-	2,87,175	-	2,87,175
<b>Total - Long term borrowings</b>	<b>3,33,41,779</b>	<b>2,87,175</b>	<b>3,12,62,733</b>	<b>2,87,175</b>

#### Terms and conditions of loans

1. Term Loans from Bank of Maharashtra are @ 13.25% interest per annum and repayment to be made in 60 monthly instalments, secured by exclusive mortgage & charge on all of the companys assets including moveable & immovable property, hypothecation of inventories and book debts and guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the company.
2. For Vehicle Loans
  - (i) Bank of Maharashtra Vehicle loan is at 10.50% interest per annum and repayable in 36 instalments and secured by hypothecation of the vehicle

#### Note 6 Deferred Tax Liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Deferred Tax Liabilities		
At the beginning of the year	1,16,52,090	53,00,148
Additions/(-) Deductions during the year	12,82,989	63,51,942
At the end of the year	1,29,35,079	1,16,52,090
Deferred Tax liability comprises of tax effect of timing differences on account of Fixed Assets - excess of Net Block over Written Down Value as per the provisions of the Income Tax Act 1961	1,29,35,079	1,16,52,090

#### Note 7 Short-term borrowings

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Secured (₹)	Unsecured (₹)	Secured (₹)	Unsecured (₹)
(a) From banks:				
From Bank of Maharashtra	11,45,70,340	-	8,58,52,695	-
(b) From others	-	-	-	16,00,000
<b>Total</b>	<b>11,45,70,340</b>	<b>-</b>	<b>8,58,52,695</b>	<b>16,00,000</b>

#### Repayment Terms :

Secured by exclusive mortgage & charge on all of the companys assets including moveable & immovable property, hypothecation of inventories and book debts and guaranteed by Rahul Nachane & Rajesh Lawande, Directors.





#### Note 8 Trade payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Trade payables:		
Acceptances	24,43,796	47,83,402
Other than Acceptances	11,38,01,586	11,14,15,925
<b>Total</b>	<b>11,62,45,382</b>	<b>11,61,99,327</b>

#### Note 9 Other current liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Current Maturities of Long Term Debt	1,86,53,200	1,41,26,152
Payables for Capital Purchases	42,56,099	22,09,470
Unpaid dividends	82,362	82,362
<b>Total</b>	<b>2,29,91,661</b>	<b>1,64,17,984</b>

#### Note 10 Short-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Provision for Tax (net of advance tax paid)	17,03,974	-
Provision for Employee Benefits	98,88,804	86,66,214
Other Provisions	10,52,586	18,70,978
<b>Total</b>	<b>1,26,45,364</b>	<b>1,05,37,192</b>

#### Note 11 Fixed assets

Particulars	Gross block				Accumulated depreciation and impairment				Net Block	
	As at 31 March 2013	Addition during the year	Deduction during the year	As at 31 March 2014	As at 31 March 2013	For the year	Additions/(-) Deduction	As at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A. TANGIBLE ASSETS</b> (Owned and used for own business)										
(a) Land										
Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold	48,19,223	-	-	48,19,223	3,92,296	52,013	-	4,44,309	43,74,914	44,26,927
(b) Buildings	4,31,39,572	27,62,524	-	4,59,02,096	55,47,324	14,67,231	-	70,14,555	3,88,87,541	3,75,92,248
(c) Plant and Equipment	18,64,53,333	2,80,15,440	-	21,44,68,773	6,46,29,563	2,00,88,837	-	8,47,18,400	12,97,50,373	12,18,23,770
(d) Furniture and Fixtures	75,13,078	-	-	75,13,078	18,27,385	4,59,969	-	22,87,354	52,25,724	56,85,693
(e) Vehicles	69,78,239	29,22,067	-	99,00,306	25,15,618	6,43,372	-	31,58,990	67,41,316	44,62,621
(f) Office Equipment	19,15,023	41,497	(8,580)	19,47,940	4,36,366	77,773	(2,572)	5,11,567	14,36,373	14,78,657
<b>A. Total Tangible Assets</b>	<b>25,08,18,468</b>	<b>3,37,41,528</b>	<b>(8,580)</b>	<b>28,45,51,416</b>	<b>7,53,48,552</b>	<b>2,27,89,195</b>	<b>(2,572)</b>	<b>9,81,35,175</b>	<b>18,64,16,241</b>	<b>17,54,69,917</b>
Previous year	15,91,52,088	9,23,71,656	(7,05,275)	25,08,18,469	5,63,73,166	1,93,34,840	(3,59,454)	7,53,48,552	17,54,69,917	
<b>B. INTANGIBLE ASSETS</b>										
(g) Technical Knowhow Fees	9,05,250	-	-	9,05,250	9,05,250	-	-	9,05,250	-	-
(h) Computer Software	-	26,39,778	-	26,39,778	-	4,08,583	-	4,08,583	22,31,195	-
<b>B. Total</b>	<b>9,05,250</b>	<b>26,39,778</b>	<b>-</b>	<b>35,45,028</b>	<b>9,05,250</b>	<b>4,08,583</b>	<b>-</b>	<b>13,13,833</b>	<b>22,31,195</b>	<b>-</b>
Previous year	9,05,250	-	-	9,05,250	9,05,250	-	-	9,05,250	-	-
<b>CAPITAL WORK IN PROGRESS</b>										
Previous year	4,62,34,797	3,56,29,921	(8,18,64,718)	-	-	-	-	-	-	-



**Depreciation and amortisation relating to continuing operations:**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Depreciation and amortisation for the year on tangible assets as per Note 11 A	2,27,89,195	1,93,34,840
Depreciation and amortisation for the year on intangible assets as per Note 11 B	4,08,583	-
Depreciation and amortisation relating to continuing operations	2,31,97,778	1,93,34,840

**Note 12 Long-term loans and advances**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
<b>Long Term Loans &amp; Advances: Unsecured, considered good</b>		
(a) Capital advances	8,45,000	33,06,997
(b) Security deposits	27,32,703	25,59,637
(c) Other loans and advances	1,16,59,500	-
<b>Total</b>	<b>1,52,37,203</b>	<b>58,66,634</b>

**Note 13 Current investments**

Particulars	As at 31 <sup>st</sup> March, 2014				As at 31 <sup>st</sup> March, 2013			
	No of shares/ units	Quoted	Unquoted	Total	No of shares/ units	Quoted	Unquoted	Total
		Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)
(a) Investment in equity instruments Tata Consultancy Services Ltd.	584	1,24,100		1,24,100	584	1,24,100		1,24,100
(b) Investment in mutual funds								
HDFC Top 200 Fund - Dividend Reinvest	36,744	14,23,943		14,23,943	2,553	1,00,000		1,00,000
ICICI Prudential Dynamic Plan - Cumulative	10,796	13,00,000		13,00,000	909	1,00,000		1,00,000
HDFC Equity Fund - Growth	4,629	13,00,000		13,00,000	368	1,00,000		1,00,000
<b>Total (A+B)</b>		<b>41,48,043</b>		<b>41,48,043</b>		<b>4,24,100</b>		<b>4,24,100</b>
<u>Information about investments</u>								
Aggregate cost value of listed and quoted investments				41,48,043				4,24,100
Aggregate market value of listed and quoted investments				58,38,150				12,14,090

**Note 14 Inventories**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
(At lower of cost and net realisable value)		
(a) Raw materials	1,53,50,991	2,32,95,713
(b) Work-in-progress	4,84,93,258	5,57,29,234
(c) Finished goods	1,96,29,540	1,87,70,808
(d) Fuel & Oil	4,27,550	1,86,092
(e) Consumables	5,71,953	3,57,195
(f) Packing Materials	4,80,674	4,29,998
<b>Total</b>	<b>8,49,53,966</b>	<b>9,87,69,040</b>



**Note 15 Trade receivables**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
TRADE RECEIVABLES (Unsecured, Considered Good)		
(a) Over 6 months from the date they were due for payment	1,78,66,283	20,02,205
(b) Others	22,00,14,313	14,97,50,546
<b>Total</b>	<b>23,78,80,596</b>	<b>15,17,52,751</b>

**Note 16 Cash and cash receivables**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
(a) Cash on hand	1,03,240	99,004
(b) Balances with banks		
(i) In current accounts	2,14,601	84,16,661
(ii) In deposit accounts (Refer Note (i) below)	68,66,967	66,90,798
(iii) In Dividend Payment account	82,362	82,362
<b>Total</b>	<b>72,67,170</b>	<b>1,52,88,825</b>

Balances with banks include deposits as detailed below

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Deposits in Margin Monies	-	-
Deposits maturing in less than one year	-	-
Deposits maturing in over one year	68,66,967	66,90,798
<b>Total</b>	<b>68,66,967</b>	<b>66,90,798</b>

**Note 17 Short-term loans and advances**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
Short Term loans & Advances: Unsecured, Considered Good		
(a) Prepaid expenses	12,31,639	6,11,014
(b) Balances with government authorities	1,49,28,093	1,27,41,940
(c) Loans and advances to employees	11,74,776	22,22,948
(d) Advance income tax (net of provision)	17,97,197	17,97,197
(c) Others	75,575	12,00,180
<b>Total</b>	<b>1,92,07,280</b>	<b>1,85,73,279</b>

**Note 18 Other current assets**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount (₹)	Amount (₹)
(a) Accruals		
Interest accrued on Bank Deposits	11,14,110	6,51,094
(b) Others		
Insurance claims	-	71,68,027
<b>Total</b>	<b>11,14,110</b>	<b>78,19,121</b>



**Note 19 Revenue from operations**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Sale of products	84,56,62,795	59,64,92,032
Other operating revenues (Refer Note)	48,96,913	42,01,507
	85,05,59,708	60,06,93,539
<u>Less:</u>		
Excise duty	-6,18,79,463	-4,50,07,689
<b>Total</b>	<b>78,86,80,245</b>	<b>55,56,85,850</b>
<u>Other operating revenues comprise:</u>		
Duly drawback and other export Incentives	48,96,913	42,01,507

**Note 20 Cost of materials consumed**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Opening stock	2,32,95,713	1,53,07,619
Add: Purchases	38,92,42,752	32,80,28,143
	41,25,38,465	34,33,35,762
Less: Closing stock	(1,53,50,991)	(2,32,95,713)
<b>Cost of material consumed</b>	<b>39,71,87,474</b>	<b>32,00,40,049</b>

**Note 21 Changes in inventories of finished goods and work-in-progress**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
<u>Inventories at the end of the year:</u>		
Finished goods	1,96,29,540	1,87,70,808
Work-in-progress	4,84,93,258	5,57,29,234
	6,81,22,798	7,45,00,042
<u>Inventories at the beginning of the year</u>		
Finished goods	1,87,70,808	78,46,669
Work-in-progress	5,57,29,234	3,39,21,470
	7,45,00,042	4,17,68,139
<b>Net (increase) / decrease</b>	<b>63,77,244</b>	<b>-3,27,31,903</b>

**Note 22 Employee benefits expense**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Salaries and wages	7,03,98,443	5,38,21,764
Contributions to provident and other funds	33,63,149	27,37,804
Staff welfare expenses	33,93,487	25,05,692
<b>Total</b>	<b>7,71,55,079</b>	<b>5,90,65,260</b>



As per Accounting Standard 15, "Employee Benefits", the disclosures as defined in the Accounting Standard are given below.

**(a) Long Term Retirement Benefits**

Long term retirement benefits comprise of contributions to the Provident Fund and Gratuity Fund

- (i) Contribution to Provident Fund: Contributions to the Provident Fund is made by the company to the Employees Provident Fund Organization, Government of India

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Contribution to Provident Fund	24,43,599	20,11,940

- (ii) Contribution to Gratuity Fund: Contributions to the Gratuity Fund is made by the company to the Employees Group Gratuity Scheme operated by the Life Insurance Corporation of India. The basis of actuarial valuation is given below

Actuarial Valuations

Mortality Rate	As per 1994-96 LIC Mortality Rate
Withdrawal Rate	1% to 3% depending on age
Salary Escalation Rate	4% for each year
Discounting Rate	LIC discounting rate (presently 8%)
Gratuity Benefits	As per the Gratuity Act 1972 as amended from time to time

Actuarial Results (Funded)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Total number of employees	119	139
Accrued Gratuity Liability	51,94,895	37,91,994
Present value of past liability	33,79,321	24,04,759
Fund Value	37,69,247	29,74,832

**(b) Short Term Benefits (leave encashment)**

The company has provided for accumulated compensated absences (leave encashment) as per AS 15 (Revised 2005) Accounting for Retirement Benefits. The provision is made on the basis of the total accumulated leave of employees as on Balance Sheet date valued at the current salary or wage rate. The current years provision is charged under Salaries and Wages as given below

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Provision for leave encashment	12,22,590	18,11,887



### Note 23 Other Expenses

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Power and Fuel	4,13,80,138	4,11,44,835
Consumable Stores	82,68,841	76,13,759
Packing Materials	64,06,518	38,81,732
Processing Charges	1,15,86,867	87,19,795
Factory Expenses	76,39,035	59,06,307
Water Charges	24,98,793	19,15,177
Repairs to		
Plant & Machinery	3,03,25,598	1,64,35,463
Factory Buildings	47,10,441	12,85,756
Other Assets	11,54,656	20,03,541
Cess Paid	8,89,291	6,97,382
Insurance	42,33,763	40,76,735
Laboratory Expenses	1,13,47,279	97,29,128
Payment to Auditors (See note below)	7,70,000	6,15,000
Postage, Telephone & Telegrams	14,60,726	11,20,368
Legal and Professional Fees	30,15,826	23,26,270
Bank Charges and Commission	29,29,188	18,28,888
Rent, Rates and Taxes	24,75,614	25,81,405
Printing & Stationery	17,67,576	14,05,824
Vehicle Expenses	15,80,152	16,13,288
Advertisement & Business Promotion	33,47,993	8,34,983
Commission on Sales	1,99,97,745	14,03,451
Travelling Expenses	34,98,930	16,00,838
Freight, Coolie & Cartage	1,70,73,848	99,01,581
Miscellaneous Expenses	1,00,93,301	68,23,709
<b>Total</b>	<b>19,84,52,119</b>	<b>13,54,65,215</b>

#### Details about payment to auditors

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
(i) <u>Payments to the Statutory Auditors comprises (net of service tax input credit, where applicable):</u>		
As auditors - statutory audit	5,50,000	4,50,000
For taxation mailers	75,000	75,000
For other services	75,000	75,000
<b>Total (i)</b>	<b>7,00,000</b>	<b>6,00,000</b>
(ii) <u>Payments to the Cost Auditors comprises (net of service tax input credit, where applicable):</u>		
Cost Audit Fees	70,000	15,000
<b>Total (i) + (ii)</b>	<b>7,70,000</b>	<b>6,15,000</b>

### Note 24 Finance costs

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Interest expense on:		
Long term borrowings	65,47,825	70,53,665
Short term borrowings	63,56,844	47,50,369
<b>Total</b>	<b>1,29,04,669</b>	<b>1,18,04,034</b>




**Note 25 Other income**

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
Interest income	7,10,211	6,73,241
Dividend income: from current investments	1,38,543	1,12,506
Other non-operating income (net of expenses directly attributable to such income)	5,934	11,02,140
<b>Total</b>	<b>8,54,688</b>	<b>18,87,887</b>

**Note 26 Additional information to the financial statements**

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	Amount (₹)		Amount (₹)	
<b>(a) Contingencies &amp; Commitments</b>				
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for				
Tangible assets	14,55,000		70,31,473	
(ii) Other commitments (specify nature)				
Letters of credit established for which goods are yet to be received and provided for	77,61,290		31,20,683	
<b>(b) Earnings Per Share</b>				
Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	4,52,84,554		2,90,91,973	
Weighted average number of equity shares outstanding (Nos)	61,78,024		61,78,024	
Basic and diluted earnings per share of the face value of Rs. 5/- each	7.33		4.71	
<b>(c) Value of imports calculated on CIF basis:</b>				
Raw materials	5,62,12,190		4,26,98,294	
Capital goods	10,40,340		31,45,824	
<b>Total</b>	<b>5,72,52,530</b>		<b>4,58,44,118</b>	
<b>(d) Expenditure in foreign currency:</b>				
Professional and consultation fees	-		-	
Other matters	2,28,73,238		20,64,733	
<b>Total</b>	<b>2,28,73,238</b>		<b>20,64,733</b>	
	%	Amount (₹)	%	Amount (₹)
<b>(e) Details of consumption of imported and indigenous items</b>				
(i) <u>Raw materials Consumed</u>				
Indigenous	84.0%	33,35,68,162	86.1%	27,56,20,072
Imported	16.0%	6,36,19,311	13.9%	4,44,19,977
Total	100.0%	39,71,87,473	100.0%	32,00,40,049
(ii) <u>Stores and spares Consumed</u>				
Indigenous	100.0%	82,68,841	100.0%	76,13,759
Imported	0.0%	-	0.0%	-
Total	100.0%	82,68,841	100.0%	76,13,759
<b>(f) Earnings in foreign exchange:</b>				
Export of goods calculated on FOB basis		₹ 58,43,93,153		₹ 39,22,47,174
Other (Insurance & Freight)		1,09,00,784		58,65,321



**(g) Related Parties Disclosures**

Disclosures as required by Accounting Standards 18 - "Related Party Disclosures" are given below

(a) Related Parties with whom transactions have taken place during the year

Associates Companies/Firms in which Directors or their relatives are interested - NIL (Previous year NIL)

Key management personnel and their relatives with whom the company has transacted

<u>Name</u>	<u>Designation</u>	<u>Relatives</u>
Rahul Nachane	Managing Director	
Rajesh Lawande	Executive Director	N G Lawande

(b) Nature of transaction

Particulars	Associate firm in which Directors are interested	
	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Amount (₹)	Amount (₹)
<b>Expenses</b>		
Professional Fees	2,22,222	4,20,750
Directors Sitting Fees	40,000	40,000
Managerial Remuneration	72,68,400	73,02,000

**(h) Segment Reporting**

Based on the guiding principles given by the Accounting Standard - 17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company's business comprises of only one segment - pharmaceuticals. Hence segment wise analysis is not given as the same is not applicable

**(i) MSMED Act**

The company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act 2006" (MSMED Act). Therefore it is not possible to give the information required under the Act.

(j) Previous years figures have been recast, regrouped and rearranged wherever necessary

In terms of our report attached.

**For Bharat Gandhi & Co**  
Chartered Accountants  
Registration No: 101214W

Bharat Gandhi  
Proprietor  
Membership No: 34959

Place : Mumbai  
Date : May 26, 2014

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

S.S.Lad  
**Director**  
DIN 00223476

R.N.Lawande  
**Executive Director**  
DIN 00327301

Place : Mumbai  
Date : May 26, 2014

R.J. Nachane  
**Chairman & Managing Director**  
DIN 00223346

M.V.Shinde  
**Director**  
DIN 01593560



## ATTENDANCE SLIP

### NGL FINE-CHEM LIMITED

Regd Office: W142(C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road, Navi Mumbai 400 705

### 33<sup>RD</sup> Annual General Meeting

I/We hereby record my /our presence at the 33<sup>rd</sup> Annual General Meeting of the Company at Lion's Club Hall, Sector 10, Plot No 12, Near Dmart mall, Kopar Khairane, Navi Mumbai - 400 705 on 12<sup>th</sup> September, 2014 at 11.30 a.m.

Member's Folio  
DP ID Client ID. No

Member's Folio /  
DP ID Client ID. No

Member's/proxy Signature

Note :

1. Please complete the Folio/DP ID-Client ID NO. and name, sign this Attendance Slip and Handover at the Attendance Verification Counter at the Meeting Hall.
2. Electronic Copy of the Annual Report for FY -2013 -2014 and the Notice of All the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this attendance slip.
3. Physical Copy of the Annual Report for 2013-2014 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy

### E-VOTING PARTICULARS

### NGL FINE-CHEM LIMITED

Regd Office: W142(C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road, Navi Mumbai 400 705

### ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN

Note : Please read instructions given at Note No. \_\_\_\_\_ of the Notice of the 33<sup>rd</sup> Annual General Meeting Carefully before Voting electronically.



## PROXY FORM

### NGL FINE-CHEM LIMITED

Regd Office: W142(C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road, Navi Mumbai 400 705

### Thirty Third Annual General Meeting - September 12, 2014

I/we being the member (s) of \_\_\_\_\_ shares of the above named company hereby appoint

- 1) Name: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_ or Failing him
- 2) Name: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_ or Failing him
- 3) Name: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_

As per my/our proxy to vote (On Poll) for me/us on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Friday, September 12, 2014 at 11.30 a.m at **Lion's Club Hall, Sector 10, Plot No 12, Near Dmart mall, Kopar Khairane, Navi Mumbai - 400 705** on and any adjournment thereof.

#### Ordinary Business

- Ordinary Resolution** for adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March, 2014.
- Ordinary Resolution** for Appointment of Director in place of Mr. Rajesh Lawande, whole Time Director (Holding DIN00327301) who is retiring by rotation and being eligible, offers himself for re-appointment.
- Ordinary Resolution** Under Section 139 OF THE Companies Act, 2013 for Appointment of M/s Bharat Gandhi & Co, Chartered Accountant as a statutory auditor of the Company and fixing their remuneration.

#### Special Business

- Special Resolution** for Appointment of Mr. Rahul Nachane, Managing Director (Holding DIN 00223346) as Managing Director and CEO for the period of 3 years with effect from 1st June, 2014.
- Ordinary Resolution** for appointment of Mr. Suman Lad as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013.

- Ordinary Resolution** for appointment of Mr. Milind Shinde as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013.
- Special Resolution** under Section 180(1) (a) to lease or mortgage, charge or create any security on the whole or substantially the whole of the undertaking of the Company including moveable or immovable properties and assets of the Company, to secure the repayment of term loan/financial assistance obtained/to be obtained for business purpose for an amount not exceeding Rs. 100 Crores (Rupees Hundred Crores Only).
- Special Resolution** under Section 180(1) (c) of the Companies Act, 2013 for borrowing An amount not exceeding Rs. 100 Crores. (Rupees Hundred Crores Only).
- Ordinary Resolution** for Appointment of M/s Krishna S & Associates, Cost Accountants as Cost Auditors of the Company by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15 and remuneration of Rs. 75,000/- p.a plus service taxes

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of the Shareholders \_\_\_\_\_

Re. 1  
Revenue  
Stamp

#### 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.
- For the resolutions, explanatory statements and notes, please refer to the notice of 33<sup>rd</sup> Annual General Meeting.
- \* It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details including details of member(s) in the above box before submission.



## ASSENT/ DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

### NGL FINE-CHEM LIMITED

Regd Office: W142(C) TTC MIDC Industrial Area,  
Pawane Village, Thane Belapur Road, Navi Mumbai 400 705

#### Thirty Third Annual General Meeting - September 12, 2014

1. Name(s) & Registered Address :  
Of the sole / first named Member
2. Name(s) of the Joint-Holder(s) if any :
3. i) Registered Folio No. :  
ii) DP ID No & Client ID No.  
[Applicable to Members Holding shares in dematerialized Form]
4. Number of Shares(s) held :
5. I/ We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual general Meeting dated 12<sup>th</sup> September, 2014, by conveying my/ our assent or dissent to the resolutions by placing tick ( ) mark in the appropriate box below:

Sr. No.	Resolutions	Optional *	
		For	Against
	ORDINARY BUSINESS		
1	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014.		
2	Ordinary Resolution for Appointment of Director in place of Mr. Rajesh Lawande, whole Time Director (Holding DIN00327301) who is retiring by rotation and being eligible offers himself for re-appointment		
3	Ordinary Resolution Under Section 139 OF The Companies Act, 2013 for Appointment of M/s Bharat Gandhi & Co, Chartered Accountant as a statutory auditor of the Company and fixing their remuneration.		
	SPECIAL BUSINESS		
4	Special Resolution for Appointment of Mr. Rahul Nachane, Managing Director (Holding DIN 00223346) as Managing Director and CEO for the period of 3 years with effect from 1st June, 2014.		
5	Ordinary Resolution for appointment of Mr. Suman Lad as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013		
6	Ordinary Resolution for appointment of Mr. Milind Shinde as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013		
7	Special Resolution under Section 180(1) (a) to lease or mortgage, charge or create any security on the whole or substantially the whole of the undertaking of the Company including moveable or immovable properties and assets of the Company, to secure the repayment of term loan/financial assistance obtained/to be obtained for business purpose for an amount not exceeding Rs. 100 Crores (Rupees Hundred Crores Only).		
8	Special Resolution under Section 180(1) (c) of the Companies Act, 2013 for borrowing An amount not exceeding Rs. 100 Crores. (Rupees Hundred Crores Only).		
9	Ordinary Resolution for Appointment of M/s Krishna S & Associates, Cost Accountants as Cost Auditors of the Company by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15 and remuneration of Rs. 75,000/- p.a plus service taxes		

Place:

Date:

\_\_\_\_\_  
Signature of the Member or  
Authorized Representative

- Notes: i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.  
ii) Last date for receipt of Assent/ Dissent Form: 8<sup>th</sup> September, 2014 (6.00 pm IST)  
iii) Please read the instructions printed overleaf carefully before exercising your vote.



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## **General Instructions**

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent. If a shareholder has opted for physical Assent/Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through physical assent/dissent form and e-voting, then vote cast through physical assent/dissent shall be considered, subject to the assent/dissent form being found to be valid and vote cast through e-voting shall be treated as invalid.
2. The notice of Annual General Meeting is dispatch/ e-mailed to the members whose names appear on the Register of Members as on 8/15 August, 2014 and voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through physical assent/ dissent form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.

## **Instructions for voting physically on Assent / Dissent Form**

1. A member desiring to exercise vote by Assent/ Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, at their cost to reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e 6.00 pm on 8<sup>th</sup> September, 2014 All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.) the completed Assent/ Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/ appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column "FOR" or dissent in the column "AGAINST" by placing a tick mark ("") in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent/ Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A member may request for a duplicate Assent/ Dissent Form, if so required and the same duly completed should reach the Scrutinizer not later than the specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent/ Dissent form except giving their assent or dissent and putting their signature. If any such other paper is sent the same will be destroyed by the Scrutinizer.
9. The Scrutinizers decision on the validity of the Assent/ Dissent Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Assent/ Dissent Forms will be rejected.



**BOOK - POST**



*If undelivered, please return to :*

**NGL FINE-CHEM LIMITED**

2, New Metalage Industrial Premises,  
Subhash Road, Jogeshwari East,  
Mumbai - 400 060.