



Passion. Performance. Progress.

**NGL FINE-CHEM LIMITED**  
ANNUAL REPORT **2018-19**

# What you will come across

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## INVESTOR INFORMATION

Market Capitalisation as at 31st March, 2019 :	₹ 290.21 Crores
CIN :	L24110MH1981PLC025884
BSE Code :	524774
Bloomberg Code :	NGLF:IN
AGM Date :	23rd August, 2019
AGM Venue :	Hotel Parle International B.N. Agarwal Commercial Complex, Vile Parle East Mumbai 400057.

## DISCLAIMER

This document contains statements about expected future events and financials of NGL Fine-Chem Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

Please find our online version at  
<http://www.nglfinechem.com/investors.html>



Or simply  
scan to  
download

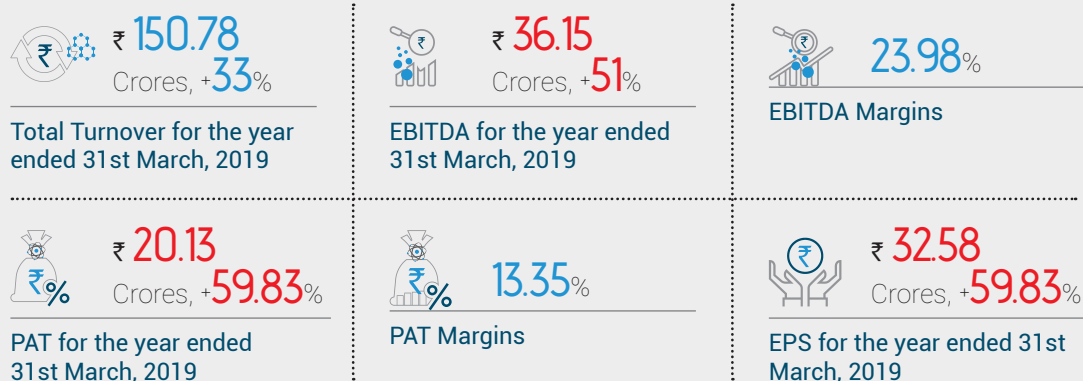
# Decisive Strategies. Disciplined Business Model. Strongly poised to capture the industry potential.

THAT'S WHAT DEFINES **NGL FINE-CHEM LIMITED** ('NGL' OR 'THE COMPANY').

Over the years, NGL has built a strong B2B business model with substantial product offerings in the veterinary Active Pharma Ingredients (APIs) space. We have leveraged our R&D strengths and built excellence in delivering high quality and cost-effective products across the globe.

Our consistent collaborations with our customers has resulted in building long-lasting relationships with them. As such, we have delivered profitable solutions that address global trends in the markets of tomorrow, while remaining resolute in delivering on our commitments to our stakeholders today.

We are now at the juncture of capturing our full potential in the veterinary APIs and optimise sustainable results and innovation that our customers and the world need.



**CAGR:**  
Compounded  
Annual Growth Rate

**EBITDA:**  
Earnings Before Interest Tax  
Depreciation and Amortisation

**PAT:**  
Profit After Tax

**EPS:**  
Earnings Per Share



# Board of Directors



4

Mr. Jayaram Sitaram

2

Mr. Rajesh Narayan Lawande

3

Mrs. Ajita Nachane

1

Mr. Rahul Nachane

5

Mr. Milind V. Shinde



## 1 Mr. Rahul Nachane

**Managing Director**

He is a Chartered Accountant and Master of Management Studies. He is involved in the operations of the Company since 1989. He is a fulltime director of the Company since 1992. With over 30 years' experience in the pharmaceutical industry, he is responsible for the overall management of the Company and specifically for marketing and production.

## 3 Mrs. Ajita Nachane

**Non-Executive Director**

She is a commerce graduate and a Master of Management Studies. With over 24 years' experience, she is the founder director of Tele Access E Services Pvt Ltd, a BPO providing services to the finance, FMCG and other sectors. She has expertise in functional areas i.e. Sales and Marketing.

## 5 Mr. Milind V. Shinde

**Independent Director**

He is an engineering graduate with post-graduation in management studies from Mumbai University. After gaining experience working with Godrej & Boyce and Apex Engineering for 3 years, he started his own company 'AVM Engineering' in the year 1992. The firm started with manufacturing sheet metal components for electrical appliance industry. At present AVM Engineering is a leading manufacturer of Industrial Fans in India and caters to the requirement of all major OEMS in India as well as exports to Middle East and Africa.

## 2 Mr. Rajesh Narayan Lawande

**Executive Director & CFO**

He has completed his M.Sc from IIT Bombay and PGDM from IIM Lucknow. He joined NGL Fine-Chem Limited in 2002 and has over 18 years' experience in the pharmaceutical industry. He is responsible for R&D, sales and production.

## 4 Mr. Jayaram Sitaram

**Independent Director**

He is B.E. (Engineering) from VJTI, Mumbai, MS (Engineering) from Villanova University, US and MBA from Wharton Business School, University of Pennsylvania. He is an entrepreneur and global management professional having worked with global conglomerates and management consulting firms including Fortune 100 companies. He is currently a Managing Director at Praxis Technologies. He is a Co-founder of Matrix Technologies, Inc. He was the Country Head at Lionbridge in India earlier.



# Managing Director's Message

## Dear Shareholders,

I am pleased to introduce you to **NGL Fine-Chem Limited** through our revamped annual report communication document. Having completed 38 years of operations, your Company is one of the most competitive players in the veterinary and human API space. Over the years we have laid strong emphasis on efficiency in operations, reliability for customers and trust on sustainable development. Through this letter, I take the opportunity to unwind my thoughts on the Company's performance in 2018-19 and the prospects going ahead.

## Performance review

The year gone by has been quite exciting. Here are the key highlights:

- ∞ Sales turnover (net) increased 33% to ₹ 150.78 Crores in 2018-19 from ₹ 112.96 Crores in the previous year
- ∞ EBITDA increased 51% to ₹ 36.15 Crores in 2018-19 from ₹ 23.92 Crores in the previous year
- ∞ PAT increased 59.83% to ₹ 20.13 Crores in 2018-19 from ₹ 12.59 Crores in the previous year
- ∞ EBITDA and PAT margins strengthened by 23.98 and 13.35 bps, respectively
- ∞ Veterinary APIs accounted for 83% of the overall API sales while the rest was contributed by the human APIs and others
- ∞ Exports comprised 79% of the total revenue as against 77% in the previous year

During the year we further made inroads in the non regulated market. We have successfully completed brownfield expansion at one of our facilities. This will

offer us a competitive edge in terms of export to European countries.

## Eye on the industry opportunities

India is one of key markets for research, manufacturing and supplying pharmaceuticals APIs. With the changing mainstream in pharmaceutical industry, Indian players are actively exploring global opportunities. The global APIs market is expanding at a remarkable pace. It is estimated to witness a CAGR of 6.3% over 2016-21 valuing at US\$ 214 billion in 2021. The global veterinary APIs are further expected to gain market value of US\$ 9.2 billion in 2025 as against US\$ 5.2 billion in 2017. Increasing requirement of high-quality additives, vaccines and hygiene management products, coupled with adoption of pets and awareness relating to their health shall accelerate the demand for veterinary APIs products globally. Further, the restriction on the use of antibiotic on animals by EU will further augur well for the demand of veterinary APIs. The global supply is expected to be clamped down owing to strict environmental norms in China. This is likely to give a fillip to the home-grown manufacturers like us to encash upon the opportunities.

## Customer-focussed strategies

We understand that the single most important commitment we make is to advance animal health. By doing so, we help protect and enhance public health as well. Our endeavours towards creating a value-centric growth are clearly driven by our passionate R&D and innovation to meet customer needs.

Our R&D consistently delivers new platforms of knowledge that can become the basis for continuous innovation. Internal discoveries, coupled with external research collaborations, result in the delivery of novel vaccine, pharmaceutical or biopharmaceutical products to help our customers face their toughest challenges.





**We are passionate about our customers and the health of the animals in their care. We take ownership to deliver results that matter to our customers.**



Our commitment to continuous innovation means we actively work to broaden the reach of our existing products and enhance the value they bring to customers by developing more convenient formulations and combinations; obtaining new claims that expand product benefits; adapting for use in additional species and by expanding approval into more countries.

We work closely with government agencies and other key regulators in the countries where we operate to ensure that we follow their guidelines and regulations and maintain high quality standards.

We make the most of our local presence and relationships to understand all it takes to help our customers address their most pressing health challenges. Our intention is very clear: our customers are the experts in their businesses, and we provide products and services that help them protect their animals' health and improve their profitability.

Playing such an important role requires the best use of our science and technology as well as our day-to-day, hands-on support. By developing new products and enhancing our current product portfolio, we continually respond to current needs and anticipate future ones.

## Our colleagues make the difference

Engaged, enthusiastic and loyal employees are pivotal drivers of growth and health in any organisation. I would like to thank all our employees for their passion and relentless focus on driving business success, engaging with our customers and consumers, developing innovative solutions and strengthening our visibility. Their commitment makes the difference for our success.

## Care for community

We believe that we have a responsibility to the community around us and we have a deep desire to positively impact the lives around us, be it customers, youth or the community at large. At NGL, we also understand that for us to grow, it is important to also enable the community around us to grow and this understanding is what drives every action of ours. Our endeavours towards giving back to the society are reflected through our activities in the areas of education, women empowerment and healthcare.

**We believe that we have a responsibility to the community around us and we have a deep desire to positively impact the lives around us, be it customers, youth or the community at large.**

## Closing Thoughts

We move ahead with a positive intent of unleashing the industry potential with an uncompromised focus on high-quality and cost-effective products for our customers. We are also planning to explore opportunities in the poultry API segment as a part of our market expansion strategy. As an endeavour of continuous progress, we have the well-thought out strategies in place for increasing shareholders' value and creating long-term sustainability.

Finally, I would like to thank our customers, partners, suppliers, regulatory agencies, lenders and shareholders for their continued trust and support. I also acknowledge the commitment, passion and hard work that our management and other employees have been putting in to ensure NGL Fine-Chem continues on its path to becoming the leading API supplier to the pharmaceutical industry.

Warm Regards,

**Rahul Nachane**

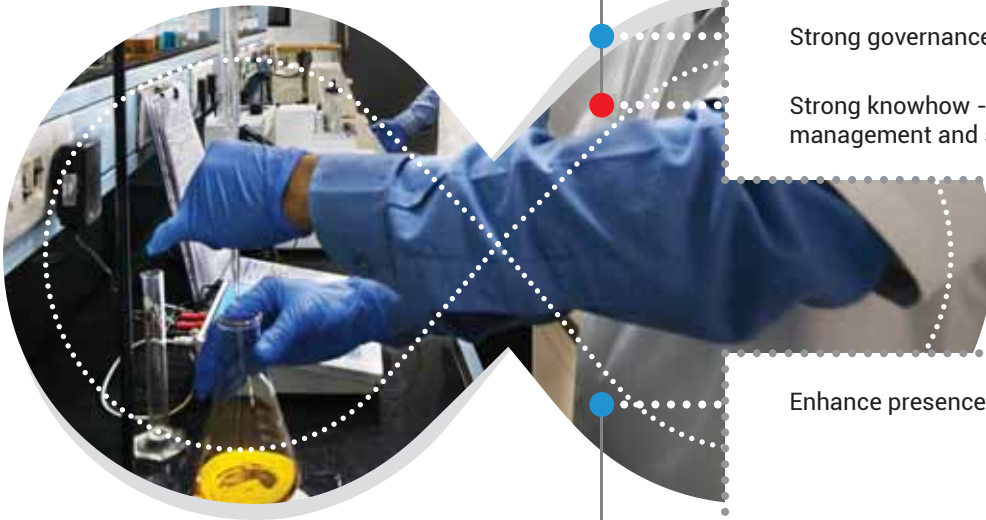
*Managing Director*







# Competitive value-creation strategies



- Comprehensive product portfolio
- Strong R&D
- Capacities
- Large global presence
- Country-wise regulatory approvals
- Niche products based on customer needs
- Best quality and value-driven pricing
- Long standing customer relationship
- Strong governance practices
- Strong knowhow - Experienced management and skilful team

- Enhance presence across the world
- Explore new opportunities in different therapeutic segments
- Maximise capacity utilisation
- Enhance efficiencies
- Create sustainable value for stakeholders and community at large



# Our World in a Nutshell



Established in 1981, headquartered in Mumbai, NGL is an established manufacturer and exporter of human and veterinary APIs, advanced intermediates and finished dosage forms to the Indian as well as international markets.

We are amongst the most innovative players in our space, driven by strong R&D expertise in custom synthesis of generic APIs and intermediates. Our state-of-the-art manufacturing facilities at Tarapur and Navi Mumbai, in Maharashtra, allow us to deliver best quality products to our customers across India as well as Europe, Asia, Africa and Latin America.

Regardless of the complexity of science that we pursue, we are committed to build sustainable shared values by delivering best solutions to our clients and at the same time preserving the health, safety and environment of the areas we operate in.



3+

Manufacturing facilities



20+

Commercial APIs



50+

Countries Presence



20+

Finished



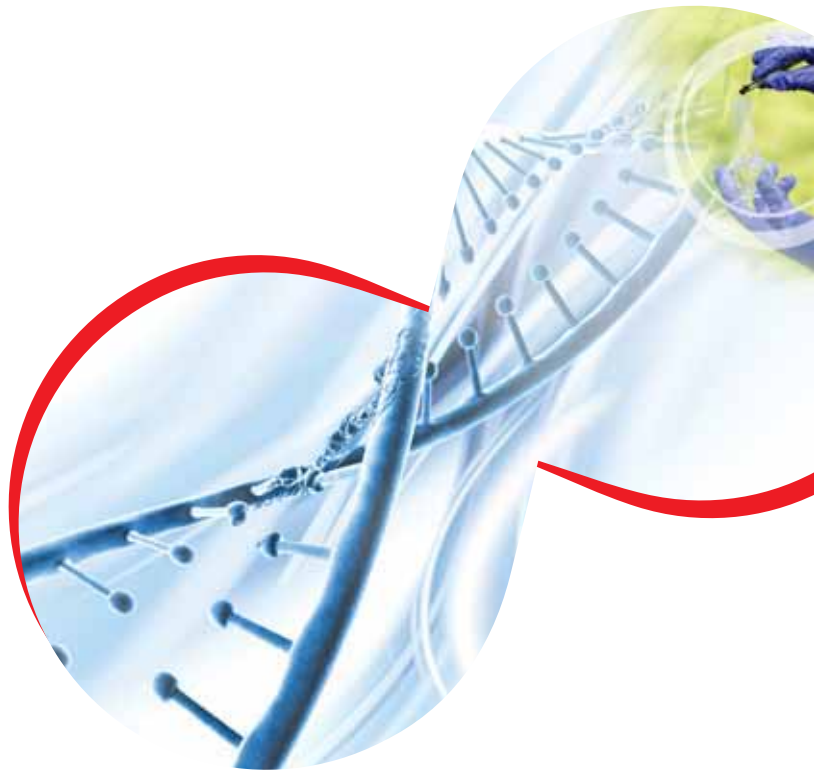
240

Total Number of Employees as on 31st March, 2019

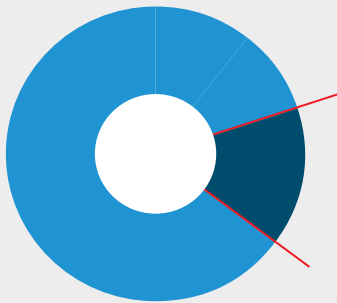


400+

Clientele Base



### Geography-wise revenues



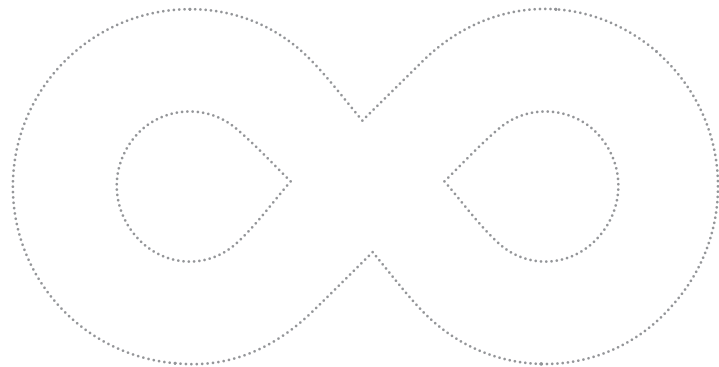
Total Revenue from Exports Business ● 79%

Total Revenue from Indigenous Business ● 21%

\*m2: Square Metre

## Vision

- ∞ Assuring consistent quality and timely delivery at competitive price
- ∞ Choose the best and the most flexible manufacturing practices and methods
- ∞ Strive for excellence in customer service, quality and R&D
- ∞ Focus on growth and development of the products
- ∞ Addressing global animal health challenges





# Awards and Recognition



ISO 9001:2008 certified by DAS UK



WHO GMP – CDS CO



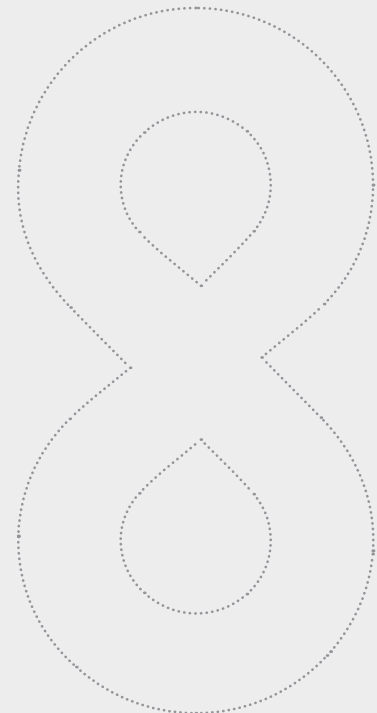
GMP certification by FDA, Maharashtra



SE 1B certification from CRISIL for MSME sector indicating highest performance capability and moderate financial strength



Credit rating of BBB+(Stable) for long term and A2 for short term by ICRA Ltd





Credit rating of BBB (Stable) for long term and A3+ for short term by Crisil Ltd



2 Star Export House status awarded by Ministry of Commerce and Industry



Forbes Asia "Best under a Billion" list of top 200 listed companies in Asia for 2015 & 2016



IPF Industrial Excellence Award 2016



Recipient of awards from Chemexcil the export promotion council set up by the Government of India



Ranked among India's Top 500 manufacturing Small and Mid-Sized companies





# What we Make



Our diversified product line comprises:

### Active Pharmaceutical Ingredients (APIs)

API is the element or an ingredient that is used in the production of any drug (formulation).

### Intermediates & Speciality Chemicals

Intermediates are advance form of APIs or a semi-finished product.

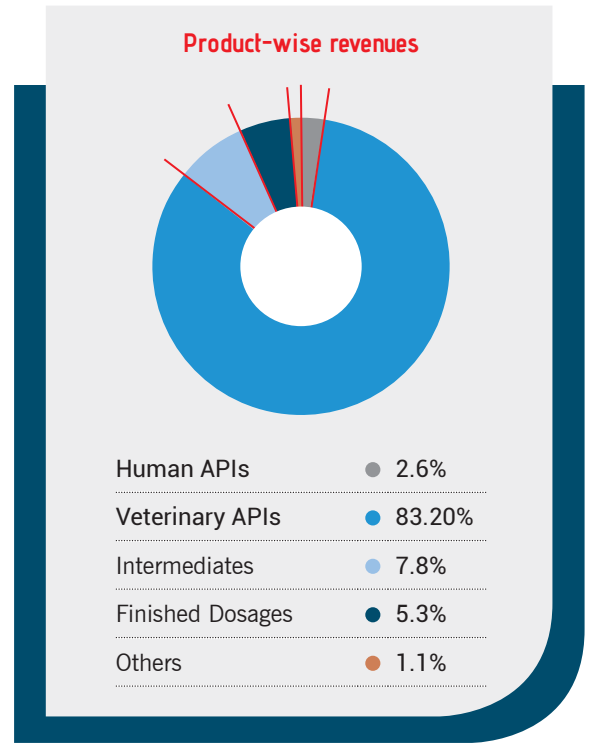
### Finished Dosage Forms

Finished dosage forms are the end-products derived out of combination of multiple APIs and intermediates.

## Product Evolution

	2008-09	2009-10	2010-11	2011-12	2012-13
API	1	-	4	6	3
Intermediates	1	5	1	2	-
Formulations	2	6	2	1	-
Grand Total	4	11	7	9	3





## Our manufacturing capabilities

**7.6** Acres  
Area of the manufacturing facilities

**100** m<sup>3</sup>  
Glass-lined reactors

**150** m<sup>3</sup>  
Stainless steel reactors

**10** m<sup>3</sup>  
Gas induction reactors

**-20 to 250** deg C  
Reaction range

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Grand Total
	1	1	1	5	-	-	22
	1	-	2	-	-	-	12
	-	2	9	1	5	-	28
	2	3	12	6	5	-	62



# Global Presence



**Head Office**  
Mumbai, India



## Facilities

Two at Tarapur and one at Navi Mumbai, Maharashtra, India

## Exports to the following countries:

- |               |                        |
|---------------|------------------------|
| 1. Argentina  | 11. China              |
| 2. Australia  | 12. Columbia           |
| 3. Austria    | 13. Dominican Republic |
| 4. Bangladesh | 14. Dubai              |
| 5. Belgium    | 15. Ecuador            |
| 6. Bolivia    | 16. Egypt              |
| 7. Brazil     | 17. El Salvador        |
| 8. Bulgaria   | 18. Estonia            |
| 9. Cameroon   | 19. France             |
| 10. Chile     |                        |



This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



- |             |                 |                  |                    |
|-------------|-----------------|------------------|--------------------|
| 20. Germany | 28. Mali        | 36. Saudi Arabia | 44. Tunisia        |
| 21. Iran    | 29. Mexico      | 37. Singapore    | 45. Turkey         |
| 22. Iraq    | 30. Netherlands | 38. South Africa | 46. Turkmenistan   |
| 23. Ireland | 31. New Zealand | 39. South Korea  | 47. United Kingdom |
| 24. Japan   | 32. Pakistan    | 40. Spain        | 48. Uruguay        |
| 25. Jordan  | 33. Peru        | 41. Switzerland  | 49. USA            |
| 26. Kenya   | 34. Romania     | 42. Syria        | 50. Venezuela      |
| 27. Lebanon | 35. Russia      | 43. Thailand     | 51. Vietnam        |





# Industry Overview and Our Priorities

The Animal Health segment is the largest and the most strategic for the Company and we aim to be one of the largest API manufacturers in this space globally. The Human Health APIs and the Speciality Chemical segments are smaller but important for the long-term growth and we play in targeted niches.

## Animal Health market size

The global Animal Health pharmaceutical market was valued at about US\$ 30 billion in 2016 and is expected to grow over US\$ 45 billion in 2025 at 5% CAGR. Out of this, 60% accounts for livestock animals and 40% goes in for the companion animal segment (Source: Annual Report of Dechra last year). The global API market for Animal Health is poised to grow to US\$ 9 billion by 2025 from US\$ 5.3 billion in 2017, at 7.3% CAGR.



US\$ 45 billion +

Expected market size of animal health pharmaceuticals by 2025



US\$ 9 billion

Expected market size of animal health APIs by 2025

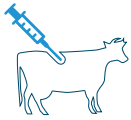
## Key growth trends

As population grows, there is a larger consumption of meat and dairy, which requires higher productivity for and from food producing animals. The increasing pet usage and medicalisation of pets will lead to their longer lifespans. This will increase the market size for this segment in the years to come.





## Our Priorities



### New Animal Health APIs

Our Animal Health portfolio will increase by covering more species and therapeutic categories. The increasing poultry consumption and pet pesticides have led us to make newer products in the Codccidiostat, Parasiticides and Anti-Infective categories.



### R&D Focus

The Animal Health API market is growing fast, and this provides opportunity for us to grow as well. We spend about 0.93% of revenues on R&D expenditure and are constantly looking for opportunities to expand our portfolio in newer therapeutic segments.

The withdrawal of antibiotic growth promoters in medicated feeds in the EU has prompted other governments to act and this will push the envelope for companies to come up with newer and safer therapies.

The companion animal segment is seeing significant growth especially in therapeutic categories like parasiticides and NSAIDS among others. Such developments have thrown up opportunities for us in newer therapeutic categories and markets.



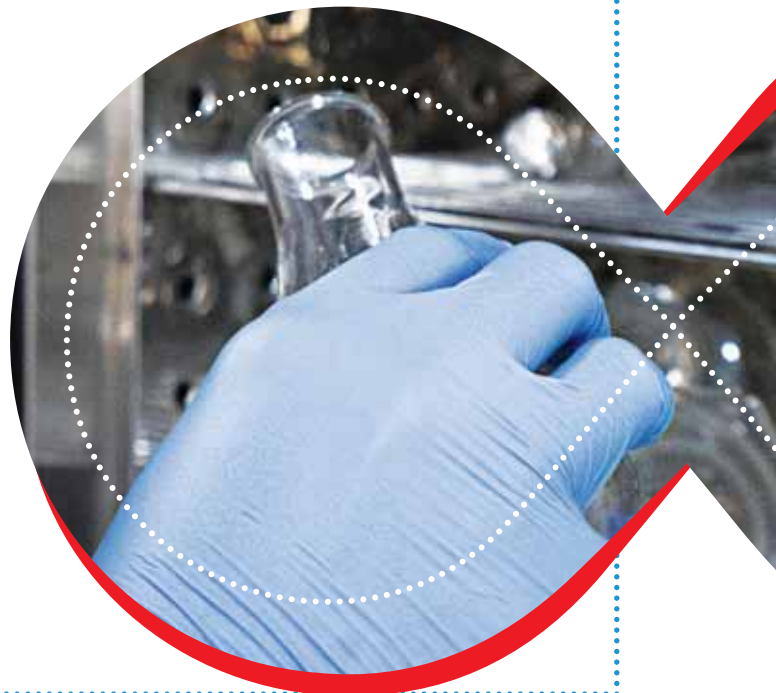
### Expansion-led Growth

We have completed a brownfield expansion, which will increase our reactor capacity from 150 m<sup>3</sup> to over 250 m<sup>3</sup>. This capacity increase will run on a DCS platform that will ensure greater processing controls.



### Customer Centric Model

We supply APIs to over 400 customers across 51 countries. The trust we have built that we will always put quality first has helped us achieve a high level of stickiness with our customers. Also having a large portfolio of over 20 veterinary APIs, which very few API companies offer, makes us the partner of choice.







# Quality is a Way of Life

Quality is of absolute importance to us. Our obstinate commitment to quality has allowed us to set high standards for ourselves.

At NGL, quality forms an integral part of our daily operations. Right from raw material procurement, processing up to the creation of final output, we have set stringent quality parameters. Our facilities are equipped with active research lab, a kilo lab facility and a pilot plant, enabling us to deliver any product as per the set quality standards. Besides, we strictly adhere to the international safety norms and periodical audits. Our employees undergo regular training programmes in their respective fields, to further strengthen the quality and drive efficiencies.

Our cost-effective quality products make our customers stick to us for a longer period for their repeated requirements.



**< 1%**

Customer attrition  
over the past 20 years





### Our quality certifications:

- ∞ ISO 9001: 2008 – SGS UK
- ∞ WHO-GMP – CDSCO
- ∞ cGMP
- ∞ GMP – FDA Maharashtra



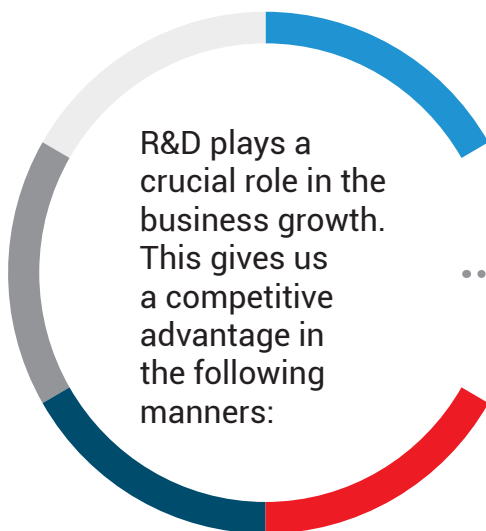


# Research & Development is Omnipresent

Our Research and Development commitment drives us across all the disciplines and geographies and constantly redefines the possibility of improving the overall efficiency of the Company.

R&D is the backbone of our Company with a team of more than 30 competent and qualified people. It drives all the integral activities, right from new product development and efficient process development to exploring newer markets through our two centres. Our dedicated team works relentlessly to develop environment-friendly processes for newer as well as existing APIs.

**We challenge ourselves every day to generate novel ideas.**



- Launching of large range of new products in shorter time span
- Offering the products at cost competitive prices
- Reducing the waste element
- Ensuring optimum utilisation of the resources





Dedicated pilot plant for scale up and development of new products and processes

**2.5 m<sup>3</sup>**

Reactor capacity



 ₹ **5.04** Crores

Cumulative R&D investments over the past five years

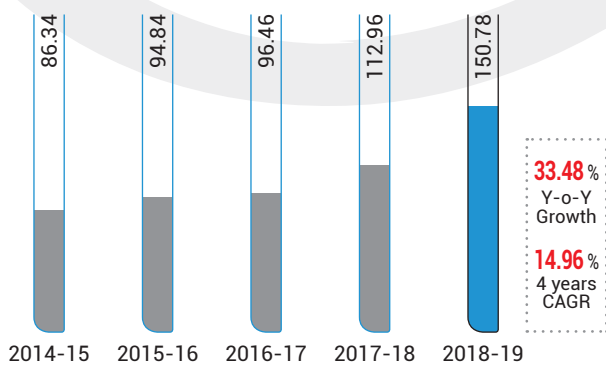
 **50** m<sup>3</sup> water saved per day

Recycling and reusing waste water since the past one year as a result of upgrading the effluent treatment plant



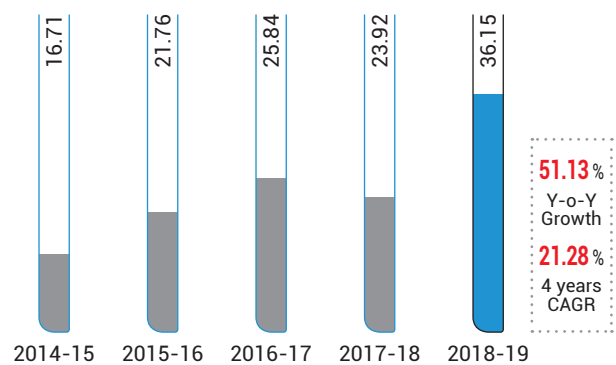
# Our 2018-19 Report Card

## Sales Turnover (Net) (₹ Crores)



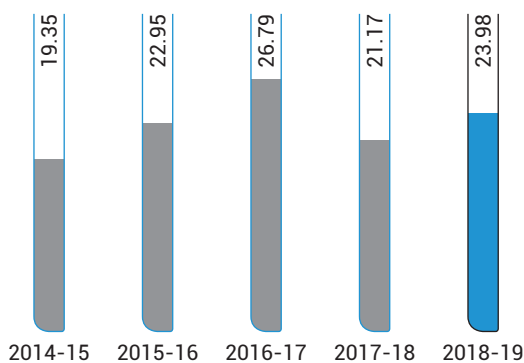
Analysis: The sales turnover increased due to new product addition, new markets and higher sales from the existing customer base.

## EBIDTA (₹ in Crores)



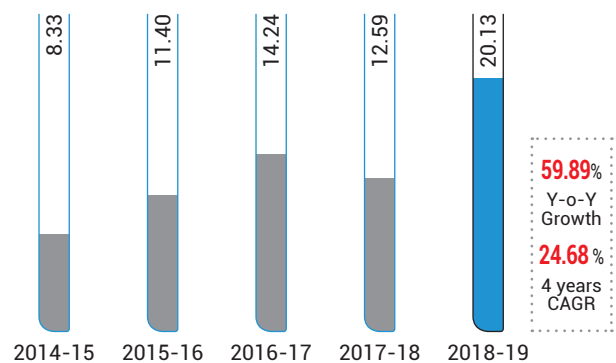
Analysis: The EBIDTA strengthened owing to various efficiency measures deployed by the Company.

## EBITDA Margin (%)

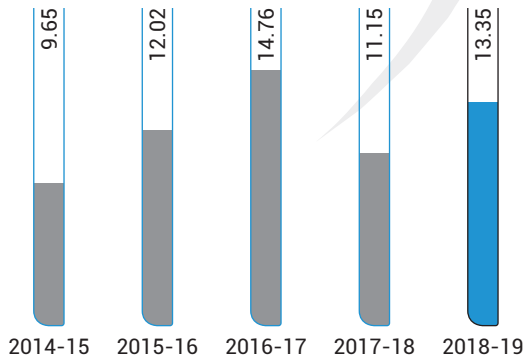


Analysis: The EBITDA Margin (%) indicates improvement in operating efficiency of the Company over the period.

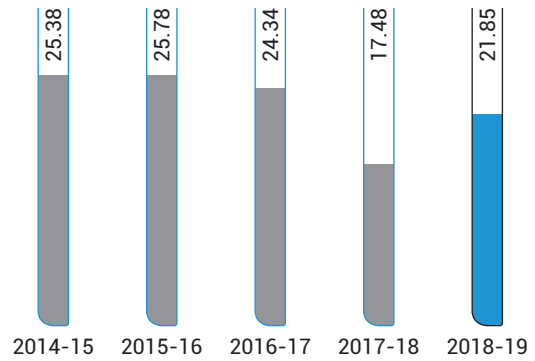
## PAT (₹ in Crores)



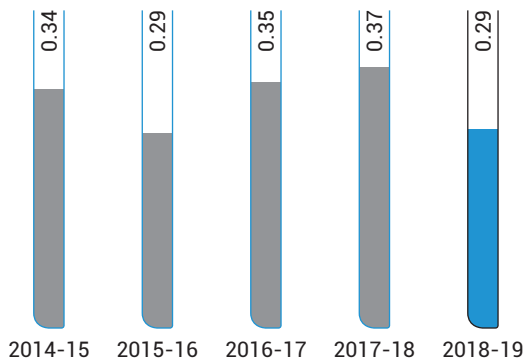
Analysis: The PAT growth is a result of increase in sales due to higher capacity utilisation.

**PAT Margin (%)**

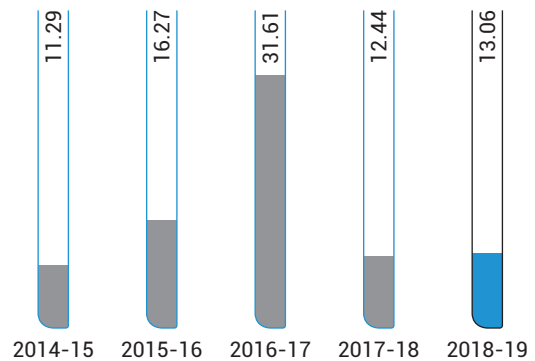
Analysis: The PAT Margin (%) has improved in line with the PAT growth.

**ROE (%)**

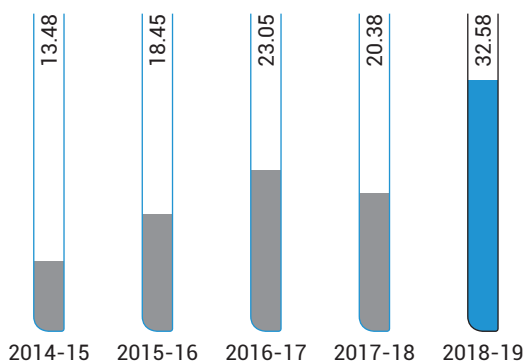
Analysis: The Company maintained a decent ROE (%) year-on-year owing to better cost control and higher capacity utilisation

**DEBT-TO-EQUITY**

Analysis: The Company has consistently maintained a lower debt-equity owing to strong fiscal management and efficient utilisation of internal funding in the planned periodical expansions.

**INTEREST COVERAGE**

Analysis: The Company has consistently maintained a strong interest coverage, which is a result of prudent debt management.

**EARNINGS PER SHARE**

Analysis: The EPS has grown in line with the profit growth.

- \*EBITDA : Earnings Before Interest Tax Depreciation and Amortisation
- \*PAT : Profit After Tax
- \*ROE : Return on Equity
- \*YoY : Year on Year
- \*CAGR : Compounded Annual Growth Rate





# Enriching Environment for a Better Tomorrow

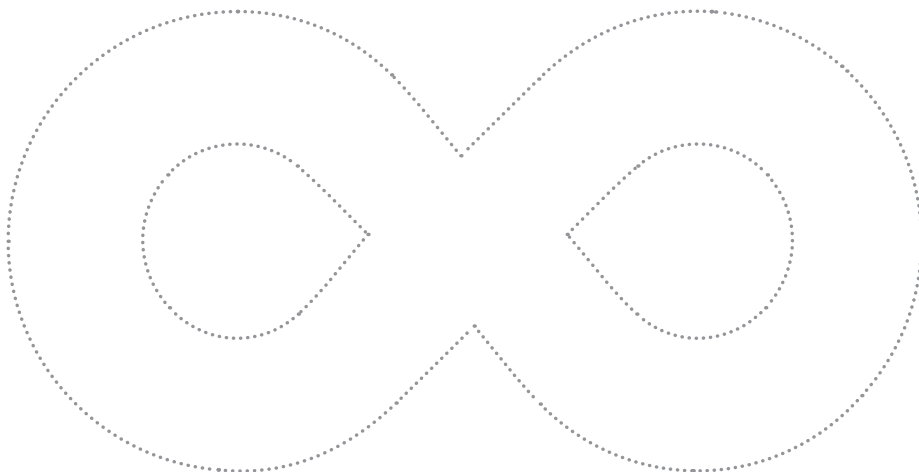
We, at NGL are prudent pharma player who are always guarded about the safety of the environment and Mother Earth. As a part of this approach, we are committed to the continuous improvement in Environmental Health and Safety (EH&S) performance.

We strive to conserve resources and minimise or eliminate adverse EH&S effects and risks by designing our processes to be economically and environmentally friendly.

Environmental requirements are incorporated into the plant design right at the preliminary stage of a process. As an outcome of this approach, Air Scrubbers, Dust Filters, Fire Protection Systems and Effluent Treatment Plants are in place and they are well- maintained.

Also, our goal is to provide a safe and healthy workplace and we strive to continuously work on new ways to improve safety through training and development. Our training programs encourage care towards the environment while providing the employees with the skills and knowledge to carry out our EH&S initiatives.

As part of this initiative, we provide personal protective clothing and devices to our employees to protect people from product and process, and product from people. All employees go through a pre-employment medical examination and thereafter, followed by periodical medical check-ups.









# Giving Back to our Own Integral Part - The Community

NGL Fine-Chem Limited understands its social accountability as an integral part of its business process. It has identified Corporate Social Responsibility (CSR) as a strategic way for ensuring better health, education and skills to deserving people in society.

## Funding and allocation

For fulfilling its CSR objectives through implementation of meaningful and sustainable CSR programs, NGL contributes upto 2% of average profits of the previous three years towards CSR activities.

CSR contribution for the year is determined by the NGL Management at the beginning of each calendar year based on audited financial statements for previous three years. Any unspent CSR allocation of a particular year will be reviewed by the CSR Committee and the decision will be taken on whether the unspent amount to be carried over to the subsequent years or not. The CSR Committee, while determining the requirement for carrying over to next year, will consider various factors like availability of desired projects, utilisation trend, practical aspects of spending the required amount in a particular time frame and best interests of all the stakeholders.

NGL has contributed funds to renowned institutions in 2018-19 which include:



Aasha Cancer  
Hospital & Research  
Centre



Asmita  
Trust



Dr.M.D.Rana &  
Smt K.M.Rana  
Charitable Trust  
(Netrajyot Eye Hospital)



DU Foundation



Ekalavya Bal  
Shikshan &  
Arogya Nyasa



Human  
Development Centre  
Trust  
(Little Angel School)



Rotary Divyang  
Kendra Kalyan



Saraswati  
Mandir Trust



Tata Memorial  
Hospital



## The CSR Activities

We carried out the following activities as part of our CSR efforts during the year under review:



Promoting education including special education and employment enhancing vocation skills especially among children and livelihood enhancement projects



Empowering rural women by strengthening their financial capabilities



Promoting sanitation care by construction of toilets and through awareness programs



Providing healthcare support by organising free medical camps, mobile clinics with doctors, free ambulance services, awareness programs and blood donation camps



Providing sustainable livelihood by skill development and vocational training, vermi-composting, among others



Working towards reduction in pollution and recycling of waste



Contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women



Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups



Contributing funds towards technology incubators located within academic institutions which are approved by the Central Government





# Corporate Information



## REGISTERED OFFICE

301, E Square, Subhash Road,  
Vile Parle (East), Mumbai 400057, Maharashtra, India.

Tel: +91 22 26636450

Email: [cs@nglfinechem.com](mailto:cs@nglfinechem.com)

Website: [www.nglfinechem.com](http://www.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: +91 22 23016761 Email: [support@purvashare.com](mailto:support@purvashare.com)

## SECRETARIAL AUDITORS

HS Associates  
Company Secretaries

## SHARES LISTED AT

BSE Ltd., Mumbai  
(Listing fees paid for 2019-20)  
Scrip Code: 524774

## COMPANY SECRETARY

Pallavi Pednekar

## STATUTORY AUDITORS

Manek & Associates  
Chartered Accountants

## INTERNAL AUDITORS

R. Devarajan & Co  
Chartered Accountants

## 38th ANNUAL GENERAL MEETING

Date : 23rd August, 2019  
Day : Friday  
Time : 11.00 a.m.  
Place : Hotel Parle International,  
B.N. Agarwal Commercial Complex,  
Vile Parle East, Mumbai 400057.







## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE THIRTY-EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF NGL FINE-CHEM LIMITED WILL BE HELD ON FRIDAY, 23RD AUGUST, 2019 AT 11:00 AM AT HOTEL PARLE INTERNATIONAL, B. N. AGARWAL COMMERCIAL COMPLEX, VILE PARLE EAST, MUMBAI 400057, TO TRANSACT THE FOLLOWING BUSINESS.**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2019, 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 declare dividend for the financial year ended 31<sup>st</sup> March, 2019.
3. To re-appoint Mr. Rahul Nachane, Managing Director (holding DIN 00223346) who retires by rotation & being eligible offers himself for re-appointment as Managing Director.

### SPECIAL BUSINESS:

To Consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

4. For re-appointment of Mr. Milind Shinde (holding DIN: 01593560) as an Independent Director of the Company.  
**"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 not liable to determination by retirement of directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for Consecutive 5 years for a term up to 31<sup>st</sup> March, 2024.

**RESOLVED FURTHER THAT** any Director of the Company be and is hereby severally authorised 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 Independent Director."

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

5. Alteration of Memorandum of Association of the Company as per the provisions of the Companies Act, 2013.

**"RESOLVED THAT** pursuant to the provisions of Section 4, 13 and any other applicable provisions of the Companies Act, 2013 ("the Act"), the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the Table A of the Schedule I of the Act, and Subject to the approval of other Competent authorities, as may be required, consent of the members be and is hereby accorded for alteration in the Memorandum of Association of the Company as per the following:

1. The words **"(THE COMPANIES ACT, 1956)"** be and are hereby substituted by the words **"The Companies Act, 2013, to the extent applicable and for the time being in force with or without any modification and re-enactment thereof from time to time"** wherever they are mentioned in the Objects of the Company and with **Companies Act, 2013** in the Heading of the Memorandum of Association of the Company.
2. The existing main Objects no. 1 of the existing Memorandum under clause III A will be replaced by the following clause reproduced as below:  
***"To carry on the business of manufacturers, exporters, importers, refiners, processors, buyers, sellers and dealers in chemicals and dyes including organics and inorganics chemicals, fine chemicals, scientific chemicals, agricultural chemicals, industrial chemicals, chemicals used or capable of being used in the drugs and pharmaceutical industry, petro chemicals, aromatic chemicals or mixtures, derivatives, compounds, speciality chemicals, pharmaceutical intermediates, finished pharmaceutical dosages and premixes of drugs, thereof***





## NOTICE (Contd.)

3. By Deleting entirely the Objects of the Company mentioned under Clause III (C) – Other Objects”
4. Re - numbering the objects to be in Continuity as per ascending order from 1 to 37(Both Inclusive).
5. Deletion of the clause IV of the Memorandum of Association and replaced by new Clause IV as reproduced below :-

*The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.*

**RESOLVED FURTHER THAT** in accordance with the Table A of the Schedule I of the Act, the Clause III (A) and III (B) of the Memorandum of Association of the Company, be renamed as under:

**Clause III (A) - The object to be pursued by the Company:**

**Clause III (B) - Matters which are necessary for furtherance of the objects specified in Clause III (A) are:**

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto”

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

6. Special Resolution for Revision in Remuneration payable to Mr. Rahul Nachane, Managing Director of the Company:

**“RESOLVED THAT** pursuant to the provisions of Section 196,197, 203 read with Schedule V, regulation 17(6) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereto from time to time or any

re-enactment thereof for the time being in force) (the “Act”), consent of the members of the Company be and is hereby accorded for payment of revised remuneration not exceeding ₹2,00,00,000/- (Rupees Two crores) per annum plus commission of 2.5% of profits to Mr. Rahul Nachane [DIN: 00223346], Managing Director, with the liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter or vary the remuneration within the limits as approved by the Members till the remaining tenure of his appointment.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

7. Special Resolution for Revision in Remuneration payable to Mr. Rajesh Lawande, Executive Director & CFO of the Company:

**“RESOLVED THAT** pursuant to the provisions of Section 196,197, 203 read with Schedule V, regulation 17(6) of SEBI (Listing Obligations & Disclosures Requirements), Regulations, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the “Act”), consent of the members of the Company be and is hereby accorded for payment of revised remuneration not exceeding ₹2,00,00,000/- (Rupees Two crores) per annum plus commission of 2.5% of profits to Mr. Rajesh Lawande [DIN: 00327301], Executive Director & CFO, with the liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter or vary the remuneration within the limits as approved by the Members’ till the remaining tenure of his appointment.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”



## NOTICE (Contd.)

### NOTES:

- 1) The ordinary resolution for ratification of Statutory Auditor is not proposed as pursuant to the Companies (Amendment) Act, 2017, the same is omitted w.e.f 7<sup>th</sup> May, 2018.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 3) A Person Can act as Proxy for only 50 members and holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights. Member holding more than 10 percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
- 4) Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM.
- 5) 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.
- 6) Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
- 7) The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from Friday, 16<sup>th</sup> August, 2019 to Friday, 23<sup>rd</sup> August, 2019 (both days inclusive).
- 8) 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.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) 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.
- 13) Electronic copy of the Notice of the 38<sup>th</sup> 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 38<sup>th</sup> 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 38<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 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 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) Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/ demat form, the members may please contact their respective depository participant.
- 16) Members are requested to send all communications relating to shares, unclaimed dividend, change of



## NOTICE (Contd.)

address etc. to the Registrar and Share Transfer Agents at the following address:

**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: support@purvashare.com

If the shares are held in electronic form, then change of address and change in the Bank Accounts etc. should be furnished to their respective Depository Participants. (DP's).

17) 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 38<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

A member can opt for only one mode of voting i.e. either in person or through proxy at the meeting or through e-voting or by ballot. If a member casts votes by all the three modes, then voting done through e-voting shall prevail and voting through other means shall be treated as invalid.

The members who have cast their vote by remote-voting may also attend the Meeting but shall not be entitled to cast their vote again.

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

- (i) The voting period begins on Tuesday, 20<sup>th</sup> August, 2019 at 9.00 a.m. and ends on Thursday, 22<sup>nd</sup> August, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Friday, 16<sup>th</sup> August, 2019 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) during the voting period.
- (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 Code / Captcha Code 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 had cast your vote earlier for EVSN of any company/entity, then your existing password is to be used.

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

Now, fill up the following details in the appropriate boxes:

**PAN\***

Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (in Capital) (Applicable for both demat shareholders as well as physical shareholders)

∞ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN Field.

∞ 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. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.

**DOB#**

Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

**Dividend Bank Details#**

Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

∞ 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 the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)



## NOTICE (Contd.)

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the EVSN selection screen.
- (xi) 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 recommend not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xiii) Click on the **190610004** EVSN number of NGL Fine-Chem Limited on which you choose to vote.
- (xiv) 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.
- (xv) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xvi) 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.
- (xvii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xix) If Demat account holder has forgotten the changed password then enter the User ID and image verification code/Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- (xx) For Institutional Shareholders:
- ∞ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - ∞ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ∞ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - ∞ 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.
  - ∞ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutiniser to verify the same.
- In case of members receiving the physical copy:
- (i) Please follow all steps from Sr.No. (i) to Sr.No. (xx) above, to cast vote.
- Other Instructions:**
- (A) 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.
  - (B) 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).
  - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - (D) 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)
  - (E) 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 Friday, 16<sup>th</sup> August, 2019.



## NOTICE (Contd.)

- (F) Mr. Hemant Shetye, Partner of M/s HS Associates, Practicing Company Secretaries (Membership No. FCS 2827) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- (G) The Scrutiniser shall within a period not exceeding two 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 Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (H) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutiniser'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 BSE Limited.
- (I) 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 Scrutiniser appointed by the Board of Directors of the Company, Mr. Hemant Shetye, Partner of H.S. Associates, Practicing Company Secretaries, at the Registered office of the Company not later than 22<sup>nd</sup> August, 2019 (5.00 pm IST)
- (J) Ballot Form received after this date will be treated invalid.
- (K) 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.
- 17) 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 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.
- 18) The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 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.

### By Order of the Board

Registered Office  
301, E Square Subhash Road,  
Vile Parle (East), Mumbai-400057.  
Place: Mumbai.  
Date: 24<sup>th</sup> May, 2019.

sd/-  
Pallavi Pednekar  
**Company Secretary**  
Membership no.A33498





## NOTICE (Contd.)

### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### Item No. 4:

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, Nomination and Remuneration Committee and Corporate Social Responsibility Committee 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. 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, 2024.

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 day.

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. 4. This Explanatory Statement may also be regarded as a disclosure with the Stock Exchange.

##### Item No. 5:

The Company was incorporated under Companies Act, 1956, further it is required to align the MOA in line with Companies Act, 2013 and also over the years the operations of the Company has diversified hence the Board proposed amendment to the present clause I of Memorandum of Association.

The Companies Act, 2013, has prescribed a new format of Memorandum of Association ("MOA") for public and private companies limited by shares. Accordingly, with a view to align the existing MOA of the Company with Table A of the Schedule I of the Act and in accordance with Section 4 and 13 of the Act, it is proposed to alter the MOA of the Company by deleting the Objects under Clause III (C) - „ and also to rename the Clause III (A) and III (B) of the Object Cause.

The Board at its meeting held on 24<sup>th</sup> May, 2019 has approved alteration of the MOA of the Company and the Board now seeks Members' approval for the same.

The revised Memorandum of Association of Company is available for inspection during continuance of ensuing Annual General Meeting.

Therefore, the Board recommends the resolution as set out in Item no. 4 of the notice to be passed as a Special Resolution.

None of the Directors, Key Managerial Person(s) of the Company including their relatives are, in any way, concerned or deemed to be interested in the proposed resolution.

##### ITEM NO. 6

Mr. Rahul Nachane was re-appointed as Managing Director of the Company w.e.f 1st June, 2017 in the Board Meeting held on 4th August, 2016 and shareholders had given their consent in the Annual General Meeting held on 31st August, 2016. Shareholders' approval was also obtained for payment of remuneration as per Section 197 and Schedule V, the revised remuneration is recommended by the Nomination and Remuneration committee in its meeting held on 24th May, 2019 and approved in the Board Meeting held on 24th May, 2019. In addition Regulation 17 (6) of SEBI (Listing Obligation & Disclosure Requirement), Regulations, 2015, states that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, where there is more than one such director, if the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:



## NOTICE (Contd.)

The Companies (Amendment) Act, 2017 brought changes in the provisions of Section 197 and Schedule V of the Companies Act, 2013 relating to Appointment and Remuneration of Managerial Personnel by removing the requirement of Central Government approval for payment of remuneration in excess of 11% of net profits of the company and also increased the limits of yearly Managerial remuneration in case of no profit or inadequate profit.

The Companies Amendment Act, 2017 replaces the Central Government approval with the requirement of obtaining shareholders' approval through a special resolution.

Approval of the shareholders is, therefore, being sought for the revision of remuneration of Mr. Rahul Nachane, Managing Director of the company as specified in the resolution and for payment of overall managerial remuneration in excess of 11% of net profits of the company computed in accordance with Section 198 of the Companies Act, 2013 which shall be approved for the remaining tenure of the appointment.

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

#### TERMS & CONDITIONS:

##### I) General Information

1. Nature of industry	: The company manufactures active pharmaceutical ingredients and finished formulations.
2. Date of commencement of commercial production	: The company has already commenced commercial production in 1983
3. Financial performance	: PBT for past 3 years is as follows 2018-19 ₹2756.65 Lakhs 2017-18 ₹1780.27 Lakhs 2016-17 ₹2281.39 Lakhs
4. Foreign investments or collaboration	: Nil

The terms of remuneration as set out in the Resolution are in accordance with the applicable provisions of Companies Act, 2013, Rules made there under read with Schedule V to the Companies Act, 2013.

The Board of Directors are of the opinion that the revised remuneration of Mr. Rahul Nachane, Managing Director, is in the best interest of the Company and accordingly,

recommend the resolution as set in Item No. 6 for approval of the members.

Other than Mr. Rahul Nachane holding 10,83,450 equity shares and Mrs. Ajita Nachane his relative (wife), none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

#### Item No. 7:

Mr. Rajesh Lawande was re-appointed as an Executive Director of the Company w.e.f 1st June, 2018 in the Board Meeting held on 18th May, 2018 and shareholders had given their consent in the Annual General Meeting held on 24<sup>th</sup> August, 2018, Shareholders' approval was also obtained for payment of remuneration as per Section 197 and Schedule V. The revised remuneration is recommended by the Nomination and Remuneration committee in its meeting held on 24th May, 2019 and approved in the Board Meeting held on 24th May, 2019. In addition, Regulation 17(6) of SEBI (Listing Obligations & Disclosures Requirements), Regulations, 2015, states that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, where there is more than one such director, if the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

The Companies (Amendment) Act, 2017 brought changes in the provisions of Section 197 and Schedule V of the Companies Act, 2013 relating to Appointment and Remuneration of Managerial Personnel by removing the requirement of Central Government approval for payment of remuneration in excess of 11% of net profits of the company and also increased the limits of yearly Managerial remuneration in case of no profit or inadequate profit.

The Companies Amendment Act, 2017 replaces the Central Government approval with the requirement of obtaining shareholders' approval through a special resolution.

Approval of the shareholders is, therefore, being sought for the revision of remuneration of Mr. Rajesh Lawande, Whole-Time Director of the company as specified in the resolution and for payment of overall managerial remuneration in excess of 11% of net profits of the company computed in accordance with Section 198 of the Companies Act, 2013 which shall be approved for the remaining tenure of the appointment.



## NOTICE (Contd.)

### MAJOR TERMS OF REMUNERATION OF Mr. RAJESH LAWANDE, EXECUTIVE DIRECTOR & CFO :

#### TERMS & CONDITIONS:

##### I) General Information

a. Nature of industry	: The company manufactures active pharmaceutical ingredients and finished formulations.
b. Date of commencement of commercial production	: The company has already commenced commercial production in 1983
c. Financial performance	: PBT for past 3 years is as follows 2018-19 ₹2756.65 Lakhs 2017-18 ₹1780.27 Lakhs 2016-17 ₹2281.39 Lakhs
d. Foreign investments or collaboration	: Nil

The Board of Directors are of the opinion that the revised remuneration of Mr. Rajesh Lawande, Executive Director, is in the best interest of the Company and accordingly, recommend the resolution as set in Item No. 7 for approval of the members.

Other than Mr. Rajesh Lawande holding 11,43,811 equity shares of the company, Mrs. Ajita Nachane his relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under with the Stock Exchange.

**By Order of the Board**

Registered Office  
301, E Square Subhash Road,  
Vile Parle (East), Mumbai-400057.

Place: Mumbai.

Date: 24<sup>th</sup> May, 2019.

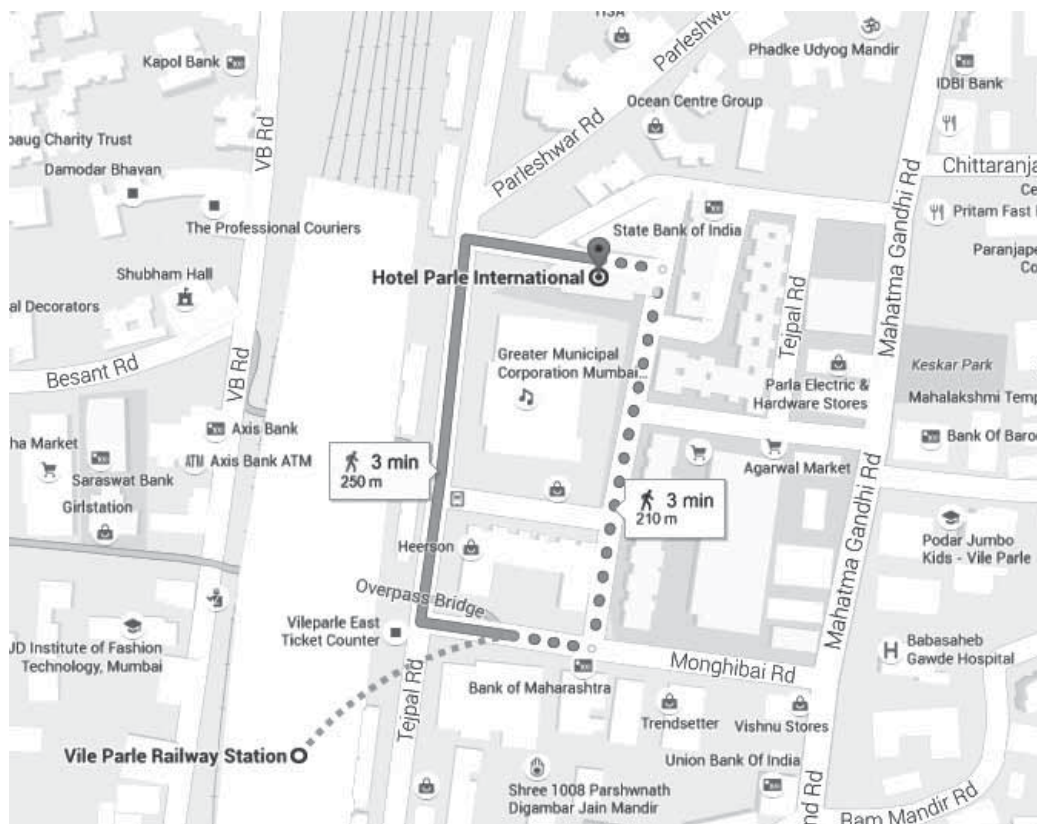
sd/-

Pallavi Pednekar

**Company Secretary**

Membership no.A33498

### ROUTE MAP OF ANNUAL GENERAL MEETING



**Landmark:** Near Deenanath Mangeshkar Natyagraha  
**Distance from Vile Parle Railway Station:** 250 meters



# DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Thirty-Eighth Annual Report with the Audited Balance Sheet as on 31<sup>st</sup> March, 2019 together with the Statement of Profit & Loss, Cash Flow Statement and the notes and schedules thereon for the year ended 31<sup>st</sup> March, 2019.

## 1. OPERATING RESULTS

The operating results of the Company for the year ended 31<sup>st</sup> March, 2019 are as follows:

(₹ in Lakhs)

	Year ended on 31.03.2019	Year ended on 31.03.2018
Revenue from Operations	15,317.43	11,567.81
Profit before tax from continuing operations	2,756.65	1780.28
Tax Expenses (Including Deferred Tax)	743.97	520.98
Profit after Tax.	2012.68	1259.29
Total Comprehensive Income for the year	2008.12	1263.19

## 2. TRANSFER TO RESERVES

There are no transfers to any specific reserves during the year.

## 3. THE STATE OF THE COMPANY'S AFFAIRS

During the year under review, your company achieved a sale of ₹15317.43 lakh (previous year ₹11567.81 lakh) resulting in an increase of 32.41% over the previous year. The profit before tax (incl other comprehensive income) is at ₹2008.12 lakh previous year ₹1263.19 lakh resulting in an increase of 58.97%.

The company was able to utilise the plant capacity better than the previous year leading to a rise in sales. Costs were controlled better leading to a higher increase in profits.

The company had a fire at its new plant at Tarapur in June 2018 information of the same was duly conveyed to the stock exchange. The reinstatement of the plant has been completed after taking all the necessary precautions and as on date and commercial production has begun.

## 4. DIVIDEND

Your directors recommend dividend of ₹1.75 per fully paid up equity share of ₹5/- each (excluding dividend distribution tax) aggregating to ₹108.12 Lakhs. The dividend distribution tax on this amounts to ₹22.62 Lakhs. The total outflow on account of dividend and dividend distribution tax amounts to ₹130.74 Lakhs.

## 5. CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required under Regulation 34 of the Listing Regulations, a Cash Flow Statement is part of the Annual Report. The Company does not have any subsidiaries as on 31<sup>st</sup> March, 2019 and hence not required to publish Consolidated Financial Statements.

## 6. FUTURE PROSPECTS

The company has acquired 100% equity shareholding in Macrotech Polychem Private Limited in May 2019 for an inclusive consideration of ₹700 Lakhs which includes the value of equity shares and loan given to Macrotech to repay its existing liabilities. Macrotech is engaged in manufacture of pharmaceutical intermediates. This will help the company to enlarge the range of its products and also to further backward integrate production of pharma intermediates.

With the new plant also commissioned, the company expects to maintain its high growth rates over the next 2-3 years.

## 7. THE CHANGE IN THE NATURE OF BUSINESS, IF ANY;

There is no change in the nature of business of the Company.

## 8. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND.

There was no transfer during the year to the Investor Education and Protection Fund in terms of Section 125 of the Companies Act, 2013.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings



## DIRECTOR'S REPORT (Contd.)

and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure A** to Director's Report.

### 10. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY




The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed also discussed at the meetings of the Audit Committee and the Board of Directors of the Company. The Company has voluntarily constituted Risk Management Committee and risk management policy is available on the website of the company: [www.nglfinechem.com](http://www.nglfinechem.com)

### 11. INTERNAL CONTROL SYSTEM

The Company's internal controls system has been established on values of integrity and operational excellence and it supports the vision of the Company "To be the most sustainable and competitive Company in our industry". The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

### 12. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013 read with Companies Corporate Social Responsibility (Policy) Rules, 2014. The Committee consists of following Directors:

 Mr. Milind Shinde	Chairman
 Mr. Rajesh Lawande	Member
 Mrs. Ajita Nachane	Member

As per provision of Section 135 of the Companies Act, 2013 read with Rule 8 of Companies Corporate Social Responsibility (Policy) Rules, 2014, the Board has approved CSR Policy and the Company has spent

towards CSR activities, details provided in attached **Annexure B** to Director's Report.

### 13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of investment made under Section 186 of the Companies Act, 2013 has been disclosed in the financial statements in note 8 of the Balance Sheet.

The Company has not given any loans or given any guarantees.

### 14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, transactions are being reported in Form AOC-2 i.e **Annexure C** in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at [www.nglfinechem.com](http://www.nglfinechem.com)

### 15. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has





## DIRECTOR'S REPORT (Contd.)

adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which redresses complaints received on sexual harassment. During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.

### 16. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as **Annexure D** to Director's Report. The annual Return is also available on the website of the Company [www.nglfinechem.com](http://www.nglfinechem.com).

### 17. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

During the financial year, the Board had met four times on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019.

### 18. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013 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 on 31<sup>st</sup> March, 2019, 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, 2013, 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.
- ∞ The Board has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- ∞ The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 19. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

### 20. PARTICULARS OF EMPLOYEES AND REMUNERATION

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as **Annexure E** to this report.

In terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules, if any, forms part of the Report.

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on 18<sup>th</sup> May, 2018 that the remuneration is as per the remuneration policy of the Company. The policy is available on the company's website: [www.nglfinechem.com](http://www.nglfinechem.com)

### 21. DIRECTORS

Mr. Milind Shinde (DIN: 0159356) who was appointed as an Independent Director and who holds office up to the date of this Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his re-appointment.

Mr. Rahul Nachane is liable to retire by rotation in this Annual General Meeting and being eligible he has offered himself for reappointment. Your Directors recommend his re-appointment.



## DIRECTOR'S REPORT (Contd.)

### 22. ATTRIBUTES, QUALIFICATIONS & INDEPENDENCE OF DIRECTORS, THEIR APPOINTMENT AND REMUNERATION

The Nomination & Remuneration Committee of Directors have approved a Policy for Selection, Appointment and Remuneration of Directors which inter-alia requires that composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management employees and the Directors appointed shall be of high integrity with relevant expertise and experience so as to have diverse Board and the Policy also lays down the positive attributes/criteria while recommending the candidature for the appointment as Director. The board has on the recommendation of Nomination & Remuneration Committee approved the revised remuneration of Rahul Nachane, Managing Director and Rajesh Lawande, Whole-time director & CFO subject to approval of members in the ensuing Annual General Meeting.

### 23. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(7) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

### 24. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarisation program aims to provide Independent Directors with the pharmaceutical industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments so as to enable them to take well informed decisions in a timely manner. The familiarisation program also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes. The policy on Company's familiarisation program for Independent Directors is posted on Company's website at [www.nglfinechem.com](http://www.nglfinechem.com)

### 25. RATING

The company has been rated by Crisil Ltd for SME and bank rating. The SME rating has been awarded "SME 1"

indicating Highest level of credit worthiness adjudged in relation to other SMEs. The long-term rating is Crisil BBB / Stable and short term rating is Crisil A3+. The company has also been rated by ICRA Ltd for bank borrowing and has been awarded BBB+ (Stable) and short term rating is A2 reaffirmed.

### 26. STATUTORY AUDITORS

The Board of Directors of your Company at its meeting held on Friday, 5<sup>th</sup> May, 2017 appointed M/s Manek & Associates, Chartered Accountants (FRN: 126679W) as Statutory Auditors of your Company for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2022, based on the recommendation of the Audit Committees and subject to the approval of the members.

The company has not proposed an Ordinary Resolution for ratification of Statutory Auditor for the Financial Year 2019-2020 because, pursuant to the Companies (Amendment) Act, 2017, the same is omitted with effect from 7<sup>th</sup> May, 2018.

### 27. INTERNAL AUDITORS

The company has appointed M/s R. Devarajan & Co., Chartered Accountants, Mumbai, (ICAI firm registration number 102415W) as internal auditors for financial year 2019-20.

### 28. SECRETARIAL AUDITORS

The Company has appointed M/s. H.S. Associates, Company Secretaries, as Secretarial Auditors of the Company to carry out the Secretarial Audit for the Financial Year 2019-20 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.

### 29. COST AUDITORS

During the financial year 2019-2020, cost audit is not applicable to the Company as the export turnover is more than 75% of the total turnover. Hence the company has not appointed Cost Auditors.

### 30. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE



## DIRECTOR'S REPORT (Contd.)

### REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

The Auditors' Report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an **Annexure F** which forms part of this report.

### 31. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the year under review, as stipulated under regulation 34 (3) and Part B of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 is annexed to this Annual Report.

### 32. CORPORATE GOVERNANCE

The Company is committed towards maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under regulation 34 (3) and Part C of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 forms part of the Annual Report. The Certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under regulation 34 (3) and Part E of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 is also published in this Annual Report.

### 33. SUBSIDIARY JOINT VENTURES AND ASSOCIATE COMPANIES

The company does not have any subsidiary, joint venture or associate company as on 31<sup>st</sup> March, 2019 and therefore provision with respect to Section 129 of the Companies Act, 2013 are not applicable to the Company.

### 34. REPORT ON CORPORATE GOVERNANCE

Corporate Governance Report prepared by M/s. H.S. Associates, Company Secretaries, is annexed hereto as Annexure G to this report.

### 35. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members:

- ∞ Mr. Milind Shinde - Chairman
- ∞ Mr. Jayaram Sitaram - Member
- ∞ Mr. Rajesh N. Lawande - Member

The above composition of the Audit Committee consists of Independent Directors, viz., Mr. Jayaram Sitaram and Mr. Milind Shinde, who form the majority.

The Company has established a vigil mechanism policy to oversee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimisation of employees and Directors who express their concerns. The Company has also provided direct access to Mr. Rahul Nachane, Chief Ethics Counsellor on reporting issues concerning the interests of co-employees and the Company. The Vigil Mechanism Policy is available at the website of the company: [www.nglfinchem.com](http://www.nglfinchem.com).

### 36. REPORTING OF FRAUD BY AUDITORS

During the year under review, the Statutory Auditors, and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Act, details of which needs to be mentioned in this Report.

### 37. ANNUAL EVALUATION BY THE BOARD

In compliance with the Companies Act, 2013, and Regulation 17 of the Listing Regulations, the performance evaluation of the Board and its Committees were carried out during the year under review. More details on the same are given in the Corporate Governance Report.

### 38. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company occurred during the financial year.



## DIRECTOR'S REPORT (Contd.)

### 39. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year there has been no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

### 40. COMMITTEES OF THE BOARD

In accordance with the Companies Act, 2013, the Board has also formed a Risk Management Committee on voluntary basis. There are currently six Committees of the Board, as follows:

- ∞ Audit Committee
- ∞ Corporate Social Responsibility Committee
- ∞ Nomination and Remuneration Committee
- ∞ Stakeholders' Relationship Committee
- ∞ Risk Management Committee
- ∞ Administrative Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "Report on Corporate Governance", a part of this Annual Report.

### 41. 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.

### 42. POLICIES

The Company seeks to promote highest levels of ethical standards in the normal business transactions guided by the value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates formulation of certain policies for Listed Companies. The Policies are reviewed periodically by the Board and are updated based on the need and compliance as per the applicable laws and rules and as amended from time to time. The policies are available on the website of the Company at [www.nglfinechem.com](http://www.nglfinechem.com)

### 43. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

Your Directors hereby confirm that the Company has complied with the necessary provisions of the revised Secretarial Standard 1 and Secretarial Standard 2 to the extent applicable to the Company.

### 44. ENHANCING SHAREHOLDER VALUE

Your company firmly believes that its success, the marketplace and a good reputation are among the primary determinants of value to the shareholder. The organisational vision is founded on the principles of good governance and delivering leading-edge products backed with dependable after sales services. Following the vision Your Company is committed to creating and maximising Long-term value for shareholders.

### 45. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation include global and domestic demand and supply conditions affecting selling prices of Raw Materials, Finished Goods, input availability and prices, changes in government regulations, tax laws, economic developments within and outside the country and various other factors.

### 46. ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their sincere appreciation and gratitude for the continued co-operation extended by shareholders, employees, customers, the Government, Banks, suppliers and other business associates.

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

sd/-

**Milind Shinde**

Chairman

Mumbai, 24<sup>th</sup> May, 2019



## ANNEXURE A TO THE DIRECTORS REPORT

### ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019.

Information pursuant to the Companies (Accounts) Rules, 2014

#### A. CONSERVATION OF ENERGY

##### I. Steps taken or impact on 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. Modernising recovery systems to obtain higher recoveries with shorter cycle times.

##### II. Capital investment on energy conservation

No capital investment was incurred on energy conservation during the year.

#### B. TECHNOLOGY ABSORPTION:

##### 1. Research & Development

###### I Efforts made towards technology absorption.

The company invests continually in API process development and upgradation. This enables us to launch new products and refine the processes of existing products. At our R & D center in Mumbai, scientists are engaged in research projects

in chemistry, recovery systems and process improvements aimed at cost improvements and new product development. This also enables us to support our customers in their pharmaceutical research and development activities.

##### II Expenditure on R&D activity.

(₹ in Lakhs)

	2018-19	2017-18
Capital	-	-
Revenue	142.07	78.52
Total	142.07	78.52
As percentage of turnover	0.93%	0.68%

The company has not acquired any technology during the year.

##### 2. 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.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are as under:

Total Foreign Exchange Earned	₹11940.08 Lakhs
Total Foreign Exchange Used	₹1249.53 Lakhs





## ANNEXURE B TO THE DIRECTORS REPORT

### CORPORATE SOCIAL RESPONSIBILITY POLICY

#### Introduction

NGL Fine-Chem Limited (hereinafter referred as the "Company" or "NGL") has identified Corporate Social Responsibility (CSR) as a strategic tool for sustainable growth. For NGL, CSR means not only investment of funds for social activity but also a continuous integration of business processes with social processes.

#### ANNEXURE TO CSR POLICY

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

- ∞ Promoting Education, including special education and employment enhancing vocation skills especially among children and livelihood enhancement projects.
- ∞ Empowerment of rural women by strengthening their financial capabilities.
- ∞ Promoting sanitation care by construction of toilets and awareness programs.
- ∞ Provide healthcare by organising free medical camps, mobile clinics with doctors, free ambulance services, awareness programs and blood donation camps.
- ∞ Sustainable livelihood by skill development and vocational training, vermi-composting, etc.
- ∞ Reduction in pollution and recycling of waste.
- ∞ Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- ∞ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care

centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

- ∞ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

The CSR Policy is placed on the Company's website and the web link for the same is [www.nglfinechem.com](http://www.nglfinechem.com)

2. The Composition of the CSR Committee.

The Committee shall consist of minimum of three members with at least one being an Independent Director. The present constitution of the CSR Committee is as follows:

- ∞ Mr. Milind Shinde Chairman
- ∞ Mr. Rajesh Lawande Member
- ∞ Mrs. Ajita Nachane Member

3. Average net profit after tax of the company for previous three financial years.

Particulars	Amount in ₹
2015-2016	17,90,53,127
2016-2017	22,04,10,603
2017-2018	18,23,14,459
Total	58,17,78,189
Average Profit for previous 3 years	19,39,26,063

1. Prescribed CSR Expenditure (two percent, of the amount as in item 3 above) : ₹38,78,521/-
2. Details of CSR spent during the financial year. ₹19,41,297/-
3. Total amount to be spent for the financial year, ₹38,78,521/-
4. Amount unspent if any: ₹19,37,224/- The Company scrutinises various projects for which the money can be spent. Based on this scrutiny, the Company shall submit the relevant report in the ensuing year. The Company could not spend the money before finalising this report as the company could not identify suitable projects.



## ANNEXURE B TO THE DIRECTORS REPORT (Contd.)

5. Manner in which the amount spent during the financial year is detailed below

CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where the programs and projects are undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or programs Sub heads: 1) Direct Expenditure 2) Overheads	Cumulative Expenditure upto the reporting end	Amount spent Direct or through implementing agency
Aasha Cancer Hospital & Research Centre	Healthcare (Cancer treatment)	Maharashtra	₹50,000	₹50,000	₹50,000	Direct by the Company
Asmita	Education	Maharashtra	₹1,00,000	₹1,00,000	₹1,00,000	Direct
Dr M D Rana & Mrs K M Rana Charitable Trust	Promoting Health care (Charitable Hospital providing free eye care)	Maharashtra	₹2,50,000	₹2,50,000	₹2,50,000	Direct
D U Foundation	Tribal Welfare	Maharashtra	₹50,000	₹50,000	₹50,000	Direct
Ekalavya Bal Shikshan & Arogya Nyasa	Promoting Education and Health Care	Maharashtra	₹6,50,000	₹6,50,000	₹6,50,000	Direct
Human Development Trust	Education	Maharashtra	₹1,50,000	₹1,50,000	₹1,50,000	Direct
Rotary Divyang Kendra Kalyan	Healthcare	Maharashtra	₹60,000	₹60,000	₹60,000	Direct
Saraswati Mandir Trust	Education	Maharashtra	₹50,000	₹50,000	₹50,000	Direct
Educational Scholarships	Promoting education amongst children of economically backward classes.	Maharashtra	₹5,55,197	₹5,55,197	₹5,55,197	Direct
Survodaya Shikshan Seva Samiti	Education	Maharashtra	₹6,100	₹6,100	₹6,100	Direct
Tata Memorial Hospital	Healthcare	Maharashtra	₹20,000	₹20,000	₹20,000	Direct



## ANNEXURE C TO THE DIRECTORS REPORT

### FORM NO. AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies(Accounts) Rules, 2014]

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship	<b>NIL</b>
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Mr. Rajesh Lawande and Mr. Rahul Nachane (Jointly)	Nupur Remedies Pvt Ltd	Nupur Remedies Pvt Ltd
(b) Nature of contracts/arrangements/ transactions	Leasing of property on leave and license basis	Leasing of property	Management consultancy fees
(c) Duration of the contracts / arrangements/transactions	60 months (1 <sup>st</sup> July, 2015 to 30 <sup>th</sup> June, 2020)	60 months (1 <sup>st</sup> January, 2018 to 31 <sup>st</sup> December, 2022)	60 months (1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2022)
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	4,62,250/- per month (Rupees Four Lakhs Sixty Two Thousand Two Hundred Fifty Only) from April'18- Jun'2018 and ₹4,96,920/- per month (Rupees Four Lakhs Ninety Six Thousand Nine Hundred and twenty Only) from July 2018- March 2019.	₹3,00,000/- per month (Rupees Three Lakh Only) from April, 2018 till Mar'2019	₹5,50,000/- per month (Rupees Five Lakh Fifty Thousand Only) for the period April'2018 - Mar'2019.
(e) Date(s) of approval by the Board, if any:	30 <sup>th</sup> January, 2018	30 <sup>th</sup> January, 2018	30 <sup>th</sup> January, 2018
(f) Amount paid as advances, if any	NIL	NIL	NIL



## ANNEXURE D TO THE DIRECTORS REPORT

### FORM NO. MGT - 9

#### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i	CIN	L24110MH1981PLC025884
ii	Registration Date	18/12/1981
iii	Name of the Company	NGL FINE-CHEM LIMITED
iv	Category/Sub-Category of the Company	Public company
v	Whether listed Company (Yes/No)	Yes
vi	Address of the Registered Office and contact details	301, E Square, Subhash Road, Vile Parle (East), Mumbai 400057, Maharashtra, India. Tel : 022-26636450 Fax - 022-26108030, Email - info@nglfinechem.com Website - www.nglfinechem.com
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Purva Sharegistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, Sitaram Mills Compound, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel (East), Mumbai - 400 013.

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

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
i	Chemical substances used in manufacture of pharmaceuticals	21001	8.70%
ii	Allopathic medicines	21002	91.30%

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

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
NOT APPLICABLE					

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s).	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Bank/ FI	-	-	-	-	-	-	-	-	-



## ANNEXURE D TO THE DIRECTORS REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other	-	-	-	-	-	-	-	-	-
1. Directors	29,40,710	-	29,40,710	47.60	29,40,710	-	29,40,710	47.60	-
2. Directors Relative	11,02,512	-	11,02,512	17.85	11,02,512	-	11,02,512	17.85	-
<b>Sub-Total (A)(1)</b>	<b>40,43,222</b>	-	<b>40,43,222</b>	<b>65.45</b>	<b>40,43,222</b>	-	<b>40,43,222</b>	<b>65.45</b>	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (A)(1) + (A)(2)</b>	<b>40,43,222</b>	-	<b>40,43,222</b>	<b>65.45</b>	<b>40,43,222</b>	-	<b>40,43,222</b>	<b>65.45</b>	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non- Institutions</b>									-
a) Bodies Corp.									
i) Indian	82,744	5,27,771	6,10,515	9.88	5,65,850	34,000	5,99,850	9.71	-0.17
i) Overseas	-	-	-	-	-	-	-	-	-
a) Individuals									
a) Individual shareholders holding nominal share capital upto ₹1 lakh	9,04,014	2,73,447	11,77,461		8,81,884	2,53,347	11,35,231	18.38	-0.68
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,53,973	-	1,53,973		2,05,895	-	2,05,895	3.33	0.84
b) Others (specify)									





## ANNEXURE D TO THE DIRECTORS REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c-i) NON RESIDENT INDIANS (REPAT & NON-REPAT)	61,887	-	61,887		82,972	-	82,972	1.34	0.34
c-ii) HUF	90,421	-	90,421		89,308	-	89,308	1.45	-0.01
c-iii) CLEARING MEMBER	40,525	-	40,525		18,880	-	18,880	0.31	-0.35
c-iv) LLP	20	-	20		1907	-	1907	0.03	0.03
(c-v) Foreign Corporate	-	-	-		459	-	459	0.00	0.00
(c-vi) Trust	-	-	-		300	-	300	0.00	0.00
Total Public shareholding (B) (B)(1) + (B)(2)	13,33,584	8,01,218	21,34,802		18,47,455	2,87,347	21,34,802	34.55	0.00
C. Shares held by Custodian for GDRs & ADRs: NIL									
<b>Grand Total (A+B+C)</b>	<b>53,76,806</b>	<b>8,01,218</b>	<b>61,78,024</b>	<b>100</b>	<b>58,90,677</b>	<b>2,87,347</b>	<b>61,78,024</b>	<b>100</b>	<b>-</b>

### (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2018)			Shareholding at the end of the year (As on 31 <sup>st</sup> March, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Rahul Jayant Nachane	10,83,450	17.54	-	10,83,450	17.54	-	-
2.	Rajesh Narayan Lawande	11,43,811	18.51	-	11,43,811	18.51	-	-
3.	Sunita Sandeep Potdar	8,92,957	14.45	-	8,92,957	14.45	-	-
4.	Ajita Rahul Nachane	7,13,449	11.55	-	7,13,449	11.55	-	-
5.	Pushpa Narayan Lawande	2,09,555	3.40	-	2,09,555	3.40	-	-
<b>TOTAL</b>		<b>40,43,222</b>	<b>65.45</b>	<b>-</b>	<b>40,43,222</b>	<b>65.45</b>	<b>-</b>	<b>-</b>

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

Sr. No.		Shareholding at the beginning of the year (1 <sup>st</sup> April, 2018)		Cumulative Shareholding during the year (31 <sup>st</sup> March, 2019)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total shares of the Company
1	There is no change in the Promoter's Shareholding during the financial year 2018-2019.				

**ANNEXURE D TO THE DIRECTORS REPORT (Contd.)****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2018		Shareholding at the end of the year 31 <sup>st</sup> March, 2019	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	PCI Fermone Chemicals (India) Limited	5,18,971	8.40	5,18,971	8.40
2.	Vijaya S	-	-	50,200	0.81
3.	Namita Bhandare	37902	0.61	50,000	0.81
4.	IL & FS Securities Services Limited	-	-	39,668	0.64
5.	Satya Prakash Mittal (HUF)	-	-	37,658	0.61
6.	Sanjay Jagdish Poddar	-	-	35,000	0.57
7.	Onkar Singh	-	-	25,745	0.42
8.	Radhey Shyam Mittal	-	-	23,200	0.38
9.	Safir Anand	-	-	21,750	0.35
10.	Garishma Neeraj Gada	-	-	21,664	0.35

• Figures are as compared to 31<sup>st</sup> March, 2018.

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

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2018		Shareholding at the end of the year 31 <sup>st</sup> March, 2019	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Rahul Jayant Nachane	10,83,450	17.54	10,83,450	17.54
2.	Rajesh Narayan Lawande	11,43,811	18.51	11,43,811	18.51
3.	Ajita Rahul Nachane	7,13,449	11.55	7,13,449	11.55
4.	Jayram Sitaram	NIL	NIL	NIL	NIL
5.	Milind Vasant Shinde	NIL	NIL	NIL	NIL
6.	Pallavi Pednekar	NIL	NIL	NIL	NIL

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	26,66,72,950	-	-	26,66,72,950
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>26,66,72,950</b>	-	-	<b>26,66,72,950</b>
Change in Indebtedness during the financial year				
• Addition	5,23,93,612	-	-	5,23,93,612
• Reduction	-5,32,52,371	-	-	-5,32,52,371
Net Change	-8,58,762	-	-	-8,58,762
Indebtedness at the end of the financial year				
i) Principal Amount	26,58,14,188	-	-	26,58,14,188
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>26,58,14,188</b>	-	-	<b>26,58,14,188</b>



## ANNEXURE D TO THE DIRECTORS REPORT (Contd.)

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

#### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager/CFO/ Company Secretary

(₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		Rahul Nachane- Managing Director	Rajesh Lawande -Executive Director	Esha Kulkarni Company Secretary	Pallavi Pednekar Company Secretary	
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	85,44,000	84,00,000	2,55,469	61,587	1,72,61,056
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	71,18,135	71,18,135	-	-	1,42,36,270
	- As % of Profit	2.5%	2.5%			
	- Others, specify	-	-			
5.	Others, please specify (Leave Encashment)	-	-	-	-	-
	Total (A) (Excluding Leave Encashment)	1,56,62,135	1,55,18,135	2,55,469	61,587	3,14,97,326
	Ceiling as per the Act	1,68,00,000	1,68,00,000	N.A.	N.A.	N.A.

Note: In the case of present key managerial personnel, remuneration does not include provident fund, gratuity and leave encashment benefits which are determined for the company as a whole.

#### B. Remuneration of other Directors:

Sr. No.	Particulars of Remuneration	Milind Shinde Independent Director	Jayaram Sitaram Independent Director	Ajita Nachane Non-Executive Director	Total Amount in ₹
	Independent Directors				
	• Fee for attending board committee meetings	1,44,500	1,44,500	1,44,500	4,33,500
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	1,44,500	1,44,500	1,44,500	4,33,500
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



## ANNEXURE E TO THE DIRECTORS REPORT

### MEDIAN REMUNERATION

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the directors	Ratio to median remuneration
<b>Non-executive directors</b>	
Mr. Jayaram Sitaram	-
Mr. Milind Vasant Shinde	-
Mrs. Ajita Rahul Nachane	-
<b>Executive directors</b>	
Mr. Rahul Jayant Nachane	30.08
Mr. Rajesh Narayan Lawande	29.81

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Rahul Jayant Nachane	19.81%
Mr. Rajesh Narayan Lawande	20.03%
Mr. Jayaram Sitaram	Nil
Mr. Milind Vasant Shinde	Nil
Mrs. Ajita Rahul Nachane	Nil

- c. The percentage increase in the median remuneration of employees in the financial year: **12.16%**

- d. The number of permanent employees on the rolls of Company: **246**

- e. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 12.16 %

Increase in the managerial remuneration for the year was 19.92%

Affirmation that the remuneration is as per the remuneration policy of the Company: The Nomination and Remuneration Committee of the company has affirmed at its meeting held on 24<sup>th</sup> May, 2019 that the remuneration paid is as per the remuneration policy of the Company. The Policy is available on the Company's Website: [www.nglfinechem.com](http://www.nglfinechem.com)

- f. There are employees drawing salary in excess of 120 Lakhs as stipulated under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name	Designation	Qualification	Age (years)	Date of joining	Remuneration paid (₹ Lakhs)	Experience (years)
Rahul Nachane	Managing Director	B.Com, A.C.A, M.M.S, D.B.F	55	4 <sup>th</sup> January 1993	156.62	30
Rajesh Lawande	CFO & Executive Director	M.Sc (IIT BOM), PGDBA (IIML)	43	1 <sup>st</sup> June, 2005	155.18	18

Notes:

- Both the employees mentioned above are Directors and belong to the Promoter Group.
- Remuneration consist of Salary & Commission and does not include provident fund, gratuity and leave encashment benefits, etc.



## ANNEXURE F TO THE DIRECTORS REPORT

### SECRETARIAL AUDIT REPORT

#### Form No. MR-3

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

To,  
The Members,  
NGL Fine-Chem Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NGL Fine-Chem Limited** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on **31st March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, Forms and returns filed and other records maintained by NGL Fine-Chem Ltd ("The Company"), for the year ended on 31st March, 2019 to the extent applicable to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
- II. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company: -

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 upto 14<sup>th</sup> May, 2015 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15<sup>th</sup> May, 2015);
  - c. The Securities and Exchange Board of India (Issue of Co-motoapital issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; as effective till 9th November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as effective from 10<sup>th</sup> November, 2018;
  - e. The Company has complied with the requirements under the Equity Listing Agreement entered into with BSE Limited.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company being in Drugs and Pharmaceuticals Sector as given in **Annexure-1**.

We have also examined compliances with the applicable clauses of the following:

- a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
- b) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from 1<sup>st</sup> December, 2015);
- c) The Listing Agreements entered into by the Company with the BSE Limited.

During the year under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards as mentioned above, subject to the following:

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent





## ANNEXURE F TO THE DIRECTORS REPORT (Contd.)

Directors. The changes in the composition of Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

1. The company has obtained Shareholders approval in the 37<sup>th</sup> AGM pursuant to Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for re-appointment of Mr. Rajesh Lawande (DIN : 00327301) as Whole-time Director of the Company for a period of 3 years from 1st June, 2018 to 31st May, 2021 and fixation of his remuneration.
2. The Board has in its board meeting dated 08<sup>th</sup> February, 2019 appointed Ms. Pallavi Pednekar [ACS 33498] as the Company Secretary in place of Ms. Esha Kulkarni w.e.f 9th February, 2019.
3. Due to non-execution of Conveyance deed pertaining to MIDC land at Mahad, the said leasehold land is yet to be transferred in the name of the Company. Certain assets are yet to be transferred in the name of the company.
4. The Board did not spent total amount towards Corporate Social Responsibility as required to be spent pursuant to Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**For HS Associates**  
Company Secretaries

Sd/-

**Hemant S. Shetye**

Partner

Date: May 24, 2019

Place: Mumbai.

FCS No.: 2827

CP No.: 1483

### Annexure-1 (A)

Sector Specific Laws as Applicable to the Company.

1. Drugs and Cosmetics Act, 1940.
2. The Environment (Protection) Act, 1986.
3. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards.
4. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards,

### Annexure-1 (B)

To,  
The Members,

**NGL Fine-Chem Limited.**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For HS Associates**  
Company Secretaries

Sd/-

**Hemant S. Shetye**

Partner

Date: May 24, 2019

Place: Mumbai.

FCS No.: 2827

CP No.: 1483



## ANNEXURE G TO THE DIRECTORS REPORT

### CORPORATE GOVERNANCE REPORT

#### 1. Company's philosophy

The Company firmly believes in and has consistently practiced 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

As on the date of the report, the Board of the Company comprises of five Directors out of which one is the Managing Director, one is a Whole-Time Director, one is Woman Non-Executive Director and the other two Directors are Independent Non-Executive Directors.

None of the Directors have any pecuniary or business relationship with the Company except to the extent as disclosed elsewhere in the Annual Report. 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/she is Director.

During the year there were in total four board meetings held on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019. The time gap between the two meetings was not more than 120 days. 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
R. J. Nachane	MD	4	Yes
R. N. Lawande	ED	4	Yes
M. V. Shinde	NED	4	Yes
J. Sitaram	NED	4	No
A.R. Nachane	NED	4	Yes

- Directorship only of public limited company is considered
- MD – Managing Director, ED – Executive Director, NED – Non Executive Director.

Number of other board of directors or committees in which a Directors is a member or chairperson

Sr. No.	Name of Director	*No. of other Directorship	No. of Other Committee Membership in other Companies	No. of Other Committee chairmanship in other Companies
1.	R. J. Nachane	Nil	NA	NA
2.	R. N. Lawande	Nil	NA	NA
3.	M. V. Shinde	Nil	NA	NA
4.	J. Sitaram	Nil	NA	NA
5.	A.R. Nachane	Nil	NA	NA

\* None of the Director of the Company is a Director in any other Listed entity.

Profile of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting

Name of the Director	Mr. Milind Shinde
Brief Resume of the Director	Milind Shinde holds degree in Bachelor of Engineering and also M.M.S. graduate. He has over 25 years of experience in marketing and operations.
Nature of Expertise	25 years of experience in Marketing & Operations.
Disclosure of relationship inter-se	N.A.
Names of listed companies in which the person also holds the Directorship and the membership of committees of the Board.	Nil
Shareholding	Nil

**Details of number of shares and convertible instruments held by Non-Executive Directors:**

Sr. No.	Name of Non-Executive Director	Shares held
1	Mr. Milind Shinde	Nil
2	Mrs. Ajita Nachane	7,13,449
3	Mr. Jayaram Sitaram	Nil



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

### Disclosure of Relationships between Directors Inter-se

- Mr. Rahul Jayant Nachane is the Managing Director of the Company and is related to Mrs. Ajita Nachane being a relative under provisions of Companies Act, 2013
- Mr. Rajesh Narayan Lawande is the CFO & Whole-time Director and is related to Mrs. Ajita Nachane being a relative under provisions of Companies Act, 2013
- Mr. Jayaram Sitaram is a Non-Executive Independent Director and is not related to any of the other Members of the Board of Directors.
- Mr. Milind Vasant Shinde is a Non-Executive Independent Director & Chairman and is not related to any of the other Members of the Board of Directors.
- Mrs. Ajita Nachane is a Non-Executive Woman Director and is related to Mr. Rahul Jayant Nachane and Mr. Rajesh Narayan Lawande being a relative under provisions of Companies Act, 2013

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Business	Understanding, of global business dynamics, across various geographical markets, industry erticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

### Induction and Familiarisation Program for Directors:

On appointment, the concerned Director is issued a Letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time

commitments. Each newly appointed Independent Director is taken through an induction and familiarisation program including the presentation and interactive session with the Managing Director & CEO, Executive Committee Members and other Functional Heads on the Company's manufacturing, marketing, finance and other important aspects. The program also includes visit to the plant to familiarise them with all facets of pharmaceutical manufacturing.

The details of familiarisation program can be accessed from the website: [www.nglfinechem.com](http://www.nglfinechem.com)

### Board Evaluation:

The Board has adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues, quality of contribution to Board deliberations, commitment to shareholders and other stakeholder interests etc.

**Code of Conduct:** The Board of Directors has adopted the code of conduct for the directors and senior management and the same has been placed on the company's website [www.nglfinechem.com](http://www.nglfinechem.com). All board members and senior management personnel have affirmed compliance with the code of conduct for the period under review. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

### Meeting of Independent Directors

The Company's Independent Directors met on 8<sup>th</sup> February, 2019 without the presence of the Managing Director & CEO, Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

### Core competencies, skills and attributes on Board

The board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and Committees.

The table below summarises the key qualifications, skills, competence and attributes which are taken into consideration while nominating candidates on Board.

Financial	Understands the organisation's financial processes. Prepares, justifies, and administers the program budget. Oversees procurement and contracting to achieve desired results. Monitors expenditures and uses cost-benefit thinking to set priorities.
Leadership	Inspires and fosters team commitment, spirit, pride, and trust. Facilitates cooperation and motivates team members to accomplish group goals.
Technology	Keeps up-to-date on technological developments. Makes effective use of technology to achieve results. Ensures access to, and security of, technology systems.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.
Board service and governance	Service on a company board to develop insights about maintaining board and management accountability, protecting shareholder's interest and observing appropriate governance practices.
Industry experience	Experience in and knowledge of the drugs & pharmaceutical industry.
Communication	Communication can help team members to understand how their contributions benefit not only the team, but also the broader organisation. In addition, a powerful communicator can create productive connections with other departments, making the organisation stronger as a whole.

In the table below, the areas of core competencies, skills and attributes of Directors have been highlighted.

Director	Financial	Leadership	Technology	Sales and Marketing
Rahul Nachane	√	√	√	√
Rajesh Lawande	√	√	√	√
Milind Shinde	√	√	√	√
Ajita Nachane	√	√		√
Jayaram Sitaram	√	√	√	√

Director	Board service and governance	Industry experience	Communication
Rahul Nachane	√	√	√
Rajesh Lawande	√	√	√
Milind Shinde	√		√
Ajita Nachane	√		√
Jayaram Sitaram	√		√

### 3. Committees of the Board:

#### a. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with regulation 18 (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Audit Committee as on the date of the report comprises of 2 Non-Executive Independent Directors & 1 Executive Director.

Following are the members of the Committee.

- Mr. Milind V. Shinde - Chairman
- Mr. Jayaram Sitaram - Member
- Mr. Rajesh N. Lawande - Member

During the year there were in total four Audit committee meetings held on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019. The attendance of the meetings is given below.

Name of Director	Category of Directorship	No. of Committee Meetings attended
Milind Shinde	NED	4
Jayaram Sitaram	NED	4
Rajesh Lawande	ED	4



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

The Chairperson of Audit Committee was present in previous AGM held on Friday, 24<sup>th</sup> August, 2018 to answer shareholder's queries.

### Invitees / Participants:-

5. The Managing Director - Mr. Rahul Nachane and the Statutory Auditor - Mr. Shailesh Manek, Internal Auditor - M/s Devarajan & Co are permanent invitees to all Audit Committee meetings.

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

The role of the audit committee shall include the following:

- 1 Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2 Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4 Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- 5 Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6 Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- 7 Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8 Approval or any subsequent modification of transactions of the listed entity with related parties;
- 9 Scrutiny of inter-corporate loans and investments;
- 10 Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 11 Evaluation of internal financial controls and risk management systems;
- 12 reviewing, with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems;
- 13 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14 Discussion with internal auditors of any significant findings and follow up there on;
- 15 Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16 Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18 To review the functioning of the whistle blower mechanism;
- 19 Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;





## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

- 20 Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- 21 Reviewing the utilisation of loans and/ or advances from investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower [including existing loans / advances / investments existing as on the date of coming into force of this provision.]

The Audit Committee shall mandatorily review the following information:

- a management discussion and analysis of financial condition and results of operations;
- b statement of significant related party transactions (as defined by the audit committee) submitted by management;
- c management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- d internal audit reports relating to internal control weaknesses;
- e the appointment, removal and terms of remuneration of the chief Internal auditor shall be subject to review by the audit committee and
- f statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013 read with regulation 19 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Committee comprises of 3 Non-Executive Directors.

The Nomination and Remuneration Committee met thrice in the financial year 2018-19 on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018 and 8<sup>th</sup> February, 2019. The necessary quorum was present in the said meetings. The Chairman of the Nomination and Remuneration Committee was not present at the last Annual General Meeting of the

Company held on 24<sup>th</sup> August, 2018. The composition of the Committee and the details of meetings held and attended by the Directors are as under:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Jayaram Sitaram	Chairman & NED	3
Milind Shinde	Member & NED	3
Ajita Nachane	Member & NED	3

The Broad terms of reference of the Nomination and Remuneration Committee are:

### ROLE OF NOMINATION AND REMUNERATION COMMITTEE

inter-alia, include the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) Devising a policy on diversity of board of directors;
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) To recommend to the board, all remuneration, in whatever form, payable to senior management.

### Remuneration Policy

The Nomination and Remuneration Policy devised in accordance with Section 178(3) and (4) of the Companies Act, 2013 is available at the website of the Company: [www.nglfinechem.com](http://www.nglfinechem.com)

Further, criteria of making payments to non-executive directors, the details of remuneration paid to all the Directors and the other disclosures required to be made under Listing Obligation and Disclosure Requirement, Regulations, 2015 have been published below :



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

### Remuneration of Directors

The remuneration of the Managing Director and Executive Director is recommended by the remuneration committee, and then approved by the board of directors and subsequently by the shareholders in general meeting within the limits prescribed in Companies Act, 2013. The non-executive directors are paid sitting fees for Board meetings attended by them.

Details of remuneration paid to Executive Directors: (₹ In Lakhs)

Name of Director	Mr. Rahul Nachane	Mr. Rajesh Lawande
Designation	Managing Director	Whole-Time Director
Salary	85.44	84.00
Commission	71.18	71.18
Leave Encashment		19.95
Provident Fund & Gratuity Fund	0.22	0.22

Mr. Rahul Nachane was appointed as Managing Director with effect from 1st June, 2017 for a period of 3 years based on the approval of shareholders in the Annual General Meeting held on 31<sup>st</sup> August, 2016.

Executive Directors are not provided with any benefits, bonuses, performance linked incentives except commission.

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Non-Executive Directors during the year ended on 31<sup>st</sup> March, 2019 are given below:-

Sitting Fees (In ₹)

Name	Mr. Milind Shinde	Mr. Jayaram Sitaram	Mrs. Ajita Nachane
Sitting fees	1,44,500	1,44,500	1,44,500
Remuneration	Nil	Nil	Nil
No. of equity shares	Nil	Nil	7,13,449
Commission	Nil	Nil	Nil
Non-convertible instruments	Nil	Nil	Nil

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

There is no stock option issued by the Company till date.

### c) Stakeholder Relationship Committee

The Stakeholder Relationship Committee of the Company is constituted in line with Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Committee comprises of 2 Non-Executive Independent Directors, 1 Non-Executive Director & 1 Executive Director.

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. The Committee periodically reviews the status of stakeholders' grievances and redressal of the same. The Committee met four times in FY 2018-19 on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019. The necessary quorum was present for all the meetings. The Chairman of the Committee was present at the last Annual General Meeting of the Company held on 24<sup>th</sup> August, 2018.

The composition of the Committee during 2018-2019 and the details of meetings held and attended by the Directors are as under:

Following are the members of the Committee.

1. Mr. Milind Shinde - Chairman
2. Mr. Jayaram Sitaram - Member
3. Mrs. Ajita Nachane - Member
4. Mr. Rahul Nachane - Member
5. Ms. Esha Kulkarni - Company Secretary and Compliance Officer (till 8<sup>th</sup> February 2019)
6. Ms. Pallavi Pednekar - Company Secretary and Compliance Officer (from 9<sup>th</sup> February 2019)

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
Milind Shinde	NED	4
Jayaram Sitaram	NED	4
Ajita Nachane	NED	4
Rahul Nachane	MD	4

The company received one complaint from shareholders during the year which was resolved within the stipulated period. Further, during the year ended on 31<sup>st</sup> March,



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

2019 the Company approved transfer of 2,300 physical equity shares of ₹5/- each and transmission of 300 physical equity shares of ₹5/-.

[The role of the committee shall *inter-alia* include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.]

### d Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted a "Corporate Social Responsibility Committee" on 6th February, 2015 comprising three Directors including 1 (one) Independent, 1 (One) Non-Executive Director and 1 (One) Executive Director.

The Terms of Reference of the Committee are to: -

- a. Frame the CSR Policy and its review from time-to-time.
- b. Ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget.
- c. Ensure compliance with the laws, rules & regulations governing the CSR and to periodically report to the Board of Directors.

The Committee met once in the FY 2018-19 on 8<sup>th</sup> February, 2019. The necessary quorum was present for the said meeting. The composition of the Committee during the financial year and the details of meetings held and attended by the Directors are as under:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Milind Shinde	Chairman & NED	1
Ajita Nachane	Member & NED	1
Rajesh Lawande	Member & ED	1

### e) Risk Management Committee

Company has voluntarily complied with regulation 21 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and constituted risk management committee on 8<sup>th</sup> May, 2015, under the Chairmanship of Mr. Rahul Nachane and consists of the members as stated below. During the year ended on 31st March, 2019, no meeting was held.

Name of Director	Category of Directorship
Rahul Nachane	Chairman & MD
Ajita Nachane	Member & NED
Rajesh Lawande	Member & ED

### f) Administrative Committee

The Company has constituted an Administrative Committee in its Board Meeting held on 3<sup>rd</sup> February, 2017. The composition of the Committee is as under:

Name of Director	Category of Directorship
Rahul Nachane	Chairman & MD
Ajita Nachane	Member & NED
Rajesh Lawande	Member & ED

During the year there were no meetings held of Administrative Committee.



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

### 4. General Body Meetings:

Financial Year	Date	Time	Venue	Special Resolution(s)
2015-2016 AGM	31 <sup>st</sup> August 2016	11.00 a.m	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai- 400057.	Re-appointment of Mr. Rahul Nachane as the Managing Director of the Company, with effect from 1 <sup>st</sup> June, 2017 for a period of 3 years.
2016-17 AGM	11 <sup>th</sup> August 2017	11.00 a.m.	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai- 400057.	a) Revision in remuneration payable to Mr. Rahul Nachane b) Revision in remuneration payable to Mr. Rajesh Lawande
2017-18 AGM	24 <sup>th</sup> August 2018	11.00 a.m.	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai- 400057.	a) Re-appointment of Mr. Rajesh Lawande, as Whole-Time Director of the Company, with effect from June 1, 2018 for a period of 3 years.

No special resolutions were proposed through postal ballot in the financial year ended 31<sup>st</sup> March, 2019.

### 5. Means of Communication

The quarterly/yearly results are normally submitted to Stock Exchanges immediately after Board meetings. The results are also published in **local** English and regional language newspapers. 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.

There are no official news releases.

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

### 6. General Shareholder Information

a. The 38<sup>th</sup> Annual General Meeting is proposed to be held on Friday, the 23<sup>rd</sup> August, 2019 at 11.00 a.m. at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, Mumbai 400057.

b. The financial year of the company is from April to March.

#### Financial calendar

Audited annual results of the year	On or before 30 <sup>th</sup> May
First Quarter results	On or before 14 <sup>th</sup> August
Second Quarter & Half year results	On or before 14 <sup>th</sup> Nov
Third Quarter results	On or before 14 <sup>th</sup> February

### c. Dividend

Your directors recommend dividend of ₹1.75 per fully paid up equity share of ₹5/- each (excluding dividend distribution tax) aggregating to ₹108.12 Lakhs. The dividend distribution tax on this amounts to ₹22.62 Lakhs. The total outflow on account of dividend and dividend distribution tax amounts to ₹130.74 Lakhs.

The dividend payment date shall be 29<sup>th</sup> August 2019 or onwards, if declared at the Annual General Meeting on 23<sup>rd</sup> August, 2019.

### d. Listing of equity shares on Stock Exchanges

The Company's Shares are listed on the BSE Ltd., having corporate office at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.

#### Listing Fees:

The Company has paid listing fees up to 31<sup>st</sup> March, 2020 to the BSE Ltd. where Company's shares are listed.

e. The Scrip code of the Company is **524774**.

### f. Stock market price data for the year 2018-19 (BSE)

Month	BSE		
	High	Low	Volume of shares traded (Nos)
Apr-18	498.50	411.05	37,726
May-18	509.65	386.60	41,081
Jun-18	415.00	340.10	35,857

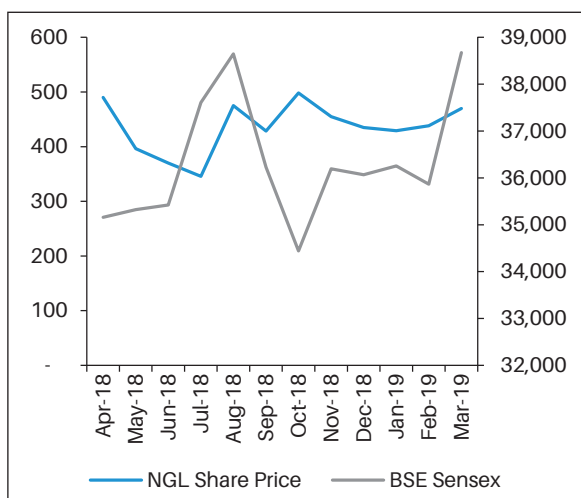


## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

Month	BSE		
	High	Low	Volume of shares traded (Nos)
Jul-18	380.00	320.00	1,02,166
Aug-18	500.05	344.05	1,10,223
Sep-18	662.00	415.00	4,64,993
Oct-18	519.00	380.00	1,32,604
Nov-18	545.00	448.05	35,336
Dec-18	476.95	390.05	41,944
Jan-19	484.90	420.00	26,985
Feb-19	482.00	401.35	28,566
Mar-19	499.50	435.15	28,218

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

Months	NGL's Share price (₹)	BSE Sensex
Apr-18	490.00	35,160.36
May-18	396.40	35,322.38
Jun-18	370.00	35,423.48
Jul-18	345.70	37,606.58
Aug-18	475.00	38,645.07
Sep-18	428.45	36,227.14
Oct-18	498.15	34,442.05
Nov-18	455.00	36,194.30
Dec-18	435.05	36,068.33
Jan-19	429.20	36,256.69
Feb-19	438.35	35,867.44
Mar-19	469.75	38,672.91



- h. The securities of the Company are actively traded on BSE Ltd. and not suspended from trading.

i. **Registrar to an issue 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: support@purvashare.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-materialised form are processed and transferred within 15 days from receipt of de-materialisation requests.

j. **Distribution of Shareholding as at 31st March, 2019.**

No. of shares	No. of Share-holders	% of Share-holders	Share-holding (₹)	% of Share-holding
Up to 5000	4285	95.05	31,24,780	10.11
5001 - 10000	115	2.55	8,57,205	2.78
10001 - 20000	51	1.13	6,80,195	2.20
20001 - 30000	17	0.38	4,15,445	1.34
30001 - 40000	5	0.11	1,75,525	0.57
40001 - 50000	8	0.18	3,66,295	1.19
50001 - 100000	12	0.27	9,35,285	3.03
100001 & above	15	0.33	2,43,35,390	78.78
	4508	100.00	3,08,90,120	100.00

k. **De-materialisation of shares**

- 1) As on 31.03.2019, 95.35 % of the Company's total shares representing 58,90,677 shares were held in de-materialised form & the balance 4.65% representing 2,87,347 shares in paper form. The details are given below:

Type	No. of Shares	% Shareholding
De-materialised shares		
With N.S.D.L	39,40,069	63.78
With C.D.S.L	19,50,608	31.57
Total demat shares	58,90,677	95.35
Physical shares	2,87,347	4.65
	61,78,024	100.00





## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

- a. Company has not issued ESOP or any GDRs/ ADRs/ Warrants/Convertible instrument.
- b. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities.-The Company has not entered into any commodity contracts as on 31<sup>st</sup> March, 2019. Foreign Exchange receivables and payables are re-stated at the exchange rate prevailing on the Balance Sheet date to reflect mark to market valuation. Forward contract on foreign exchange are marked to market on the date of the balance sheet and the gain or loss there in recognised in the Statement of Profit & Loss.
- c. Plant Location  
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 Palghar 401506.  
Unit Konarak: F11 MIDC Tarapur, Boisar, District Palghar 401506.
- d. **Address for correspondence**  
The Company's registered office is situated at 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057, India.
- e. Credit rating obtained during the year  
The company has been rated by Crisil Ltd for SME and bank rating. The SME rating has been awarded "SME 1" indicating Highest level of credit worthiness adjudged in relation to other SMEs. The long-term rating is Crisil BBB / Stable and short term rating is Crisil A3+. The company has also been rated by ICRA Ltd for bank borrowing and has been awarded BBB+(Stable) and short term rating is A2 reaffirmed.

### 7. Other Disclosures:

#### a. Material related Party Transaction

There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, or their relatives or that had potential conflict with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) and AOC-2 has been made in the Annual Report. The Related Party Transactions

Policy as approved by the Board is uploaded on the Company's website at [www.nglfinechem.com](http://www.nglfinechem.com)

#### b. Details of Non-Compliance:

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### c. Vigil Mechanism and Whistle-Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and the regulation 22 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at [www.nglfinechem.com](http://www.nglfinechem.com)

Compliance of Mandatory and Non-Mandatory Requirements:

The Company has generally complied with all the mandatory requirements as stipulated under Regulation 34 (3) read with Para C of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Other Disclosures

A. There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered into with related parties were duly approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company.

The Company is having a Non-Executive Chairman Mr. Milind Shinde. The Chairman is reimbursed for the expenses incurred in performance of his duties.

B. There were no cases of non-compliance during the last three financial years.



## ANNEXURE G TO THE DIRECTORS REPORT (Contd.)

**C.** The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company

The Company's Financial Statements are with unmodified opinion.

**D. Separate Post of Chairman and Chief Executive Officer**

The Post of Chairman and Chief Executive Officer is held by separate persons.

**E Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

**d. Material Subsidiaries Policy:**

Material Subsidiaries Policy is not applicable to the company as the Company is not having any subsidiary as on 31<sup>st</sup> March, 2019.

**e. Disclosure of commodity price risks and commodity hedging activities. - Not Applicable**

**f.** Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 - Not Applicable.

**g. Certificate from H.S. Associates,** Company Secretary in practice is annexed that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.

**h.** The board had accepted recommendations of all committees of the board which is mandatorily required, in the relevant financial year 2018-2019,

**i.** Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

**j. Discretionary Requirements as per Part E of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

**The Board**

The Company is having a Non-Executive Chairman Mr. Milind Shinde. The Chairman is reimbursed

for the expenses incurred in performance of his duties.

**Shareholder Rights**

As the quarterly and half yearly, financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

• **Modified Opinion in Audit Report**

The Company's Financial Statements are with unmodified opinion

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

- number of complaints filed during the financial year - NIL
- number of complaints disposed of during the financial year - NIL
- number of complaints pending as on end of the financial year - NIL

Total fees for all services paid by the listed entity and on a consolidated basis, to the statutory auditor

Audit Fees Paid : ₹8.10 Lakhs

Other fees paid : ₹2.15 Lakhs

The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are provided in the Annual Report at various sections of Annual Report.

The Company has complied with all the requirements of Corporate Governance Report as mentioned in the Schedule V (C) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS**

In accordance with Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st March, 2019.

sd/-

Date: 24<sup>th</sup> May, 2019.

Place: Mumbai.

**Rahul Nachane**  
Managing Director



### CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To,  
The Board of Directors,  
NGL Fine-Chem Limited  
301, E Square Subhash Road,  
Vile Parle (East), Mumbai-400057.

We, Rahul Nachane, Managing Director and Rajesh Lawande, Whole Time Director & CFO of the Company, hereby certify that for the financial year, ending 31<sup>st</sup> March, 2019

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
Rahul Nachane  
Managing Director  
(DIN No.: 00223346)

Sd/-  
Rajesh Lawande  
Whole Time Director & CFO  
(DIN No.: 00327301)

Date: 24<sup>th</sup> May, 2019.

Place: Mumbai.



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

The Board of Directors,  
NGL Fine-Chem Limited  
301, E Square Subhash Road,  
Vile Parle (East), Mumbai-400057.

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2019, 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 Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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  
FCS: 2827  
COP: 1483

Mumbai, May 24, 2019



### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NGL Fine-Chem Limited having CIN L24110MH1981PLC025884 and having registered office at 301, E Square Subhash Road, Vile Parle (East), Mumbai 400057 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

SR. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1.	JAYARAM SITARAM	00103676	05/08/2015
2.	RAHUL NACHANE	00223346	04/01/1993
3.	AJITA NACHANE	00279241	15/09/2014
4.	RAJESH LAWANDE	00327301	01/06/2005
5.	MILIND SHINDE	01593560	31/03/2003

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For HS Associates**  
Company Secretaries

**Sd/-**  
**Hemant Shetye**  
Partner  
FCS: 2827  
Mumbai, May 24, 2019





# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMY

### GLOBAL ECONOMY

#### Overview

The world economic growth is under steady expansion since mid-2016. The momentum is expected to continue with global growth projected at 3.5% in 2019. US growth is estimated at 2.5% while Europe will grow at 1.9%. The United States remains exceptionally robust, powered by a pro-cyclical fiscal expansion, competitive tax system, constructive regulatory environment and high consumer confidence.

The emerging market is expected to see growth of 4.7% on similar lines to 2018, with majority of emerging Asia leading the growth. India leads the growth across emerging markets, driven by various policy reforms and strengthening of consumption. These economies have witnessed a mixed performance with improvement in activity for oil exporting nations being offset by slowdown in nations like Argentina, Brazil, Turkey and China. Weak credit growth, tightening of monetary policy, global trade disruptions, rising oil prices have led to lower than expected growth. However, overall improvement in labour market, narrowing of output gaps and control over inflation have been catalyst in driving the growth.

#### Outlook

Global growth outlook is expected to remain steady at 3.7% through 2020, with gradual moderation expected in advanced economy led by unwinding of the US fiscal stimulus and softening of demand from the peak. This will be offset by growth in emerging and developing economy. The EU region continues to remain strong led by healthy consumer spending, job creation and supportive monetary policy.

The emerging markets' prospects look brighter with steady to rising growth in the medium term. India's growth story will continue to lead the overall emerging market growth. China is expected to moderate as the economy makes a transition to a more sustainable growth path with financial de-risking and environmental controls. LATAM markets growth will be supported by growth in Mexico and Brazil. Though the outlook remains positive, the trade barriers getting erected could impact the growth significantly.

	(%)		
Real GDP Growth (YoY)	2017	2018	2019(P)
World	3.7	3.7	3.7
Advanced Economies	2.3	2.4	2.1
EMDE	4.7	4.7	4.7

(%)

Real GDP Growth (YoY)	2017	2018	2019 (P)
<b>Advanced Economies</b>	<b>2.3</b>	<b>2.4</b>	<b>2.1</b>
United States	2.2	2.9	2.5
Euro area	2.4	2.0	1.9
Japan	1.7	1.1	0.9
United Kingdom	1.7	1.4	1.5
<b>Emerging &amp; Developing Asia</b>	<b>6.5</b>	<b>6.5</b>	<b>6.3</b>
China	6.9	6.6	6.2
India	6.7	7.3	7.4
<b>Latin America and the Caribbean</b>	<b>1.3</b>	<b>1.2</b>	<b>2.2</b>
Brazil	1.0	1.4	2.4
Mexico	2.0	2.2	2.5

(Source: IMF)

### INDIAN ECONOMY

India continued its path of accelerated growth for a substantial part in 2018-2019. The Indian economy expanded by 8.2% in the first quarter, 7.1% in the second, before softening to 6.6% in the third and 5.8% in the fourth, with an annual growth rate of 6.8%. Some of the factors contributing to the moderation are rising global uncertainty, slow growth in farm and industrial sectors, gradual pickup in private investment and tightening lending norms. With the re-election of the Government we are positive about a stable policy regime that helps India realise its economic potential.

#### Outlook

The growth outlook is positive, with the GDP to grow at 7% in 2019-20 on account of lower repo rates, sustained resolution of stressed assets, better governance of public sector banks and a reform-focused policy framework. However, the growth will depend on the economy's ability to consolidate its fiscal debt, expand and utilise capacities, create jobs and promote private investment in tandem with consumption.

### PHARMACEUTICAL INDUSTRY

#### Global Pharmaceutical Industry

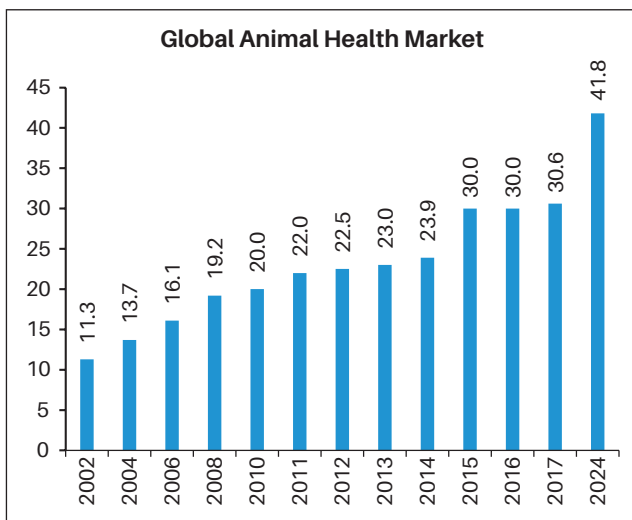
The global pharmaceutical industry is estimated to grow at the rate of 5.8% over 2017 to 2021 valuing at US\$ 1,170 billion in 2021 from US\$ 934 billion in 2017. It is a highly disjointed and diversified sector that weighs heavy in terms of GDP contribution, research spending and employment. The growing population, improved purchasing power, demographic changes in society, rising aspiration for better healthcare and overall economic progress elevate the spending. The ability to create new technology and innovative



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

drugs is also a key driver for success in this market. The global active pharmaceutical market is estimated to witness a CAGR of 6.3% over 2016-21 reaching US\$ 214 billion by 2021.

The animal healthcare industry is anticipated to grow at a CAGR of 4.5% over 2017 to 2024 expecting to generate revenues to the tune of US\$ 41.8 billion. Improvement in infrastructure and healthcare amenities for animal healthcare are aiding the growth of global animal health active pharmaceutical ingredient market. The global animal health active pharmaceutical ingredient market (API) is expected to gain a market value of US\$ 9.2 billion in 2025 from US\$ 5.2 billion in 2017.



(Source: US Department of Commerce)

The emphasis on animal healthcare has increased over the past decade. The key reasons for the same are the rising incidences of disease outbreaks accompanied by large scale farming requiring high quality additives, vaccines and hygiene management products.

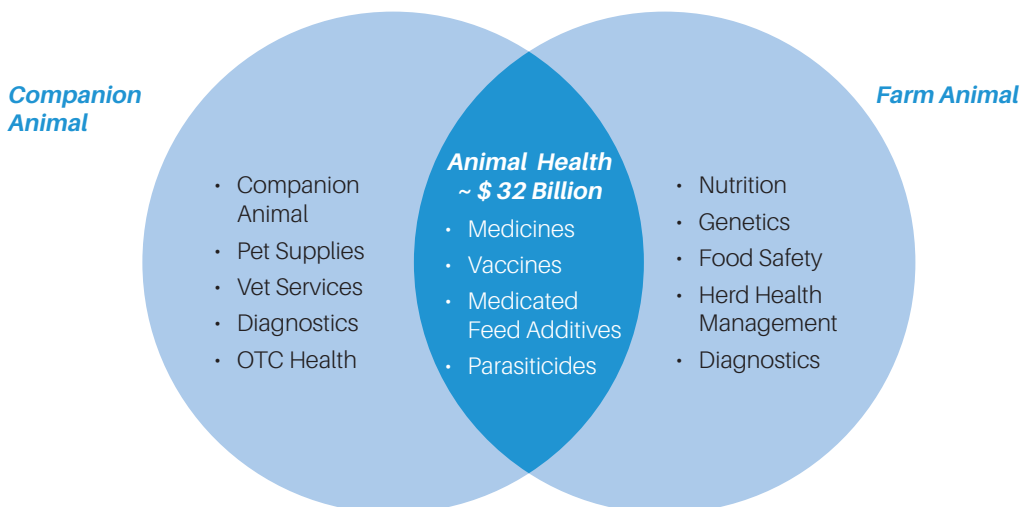
The animal healthcare industry can be segregated into product type and animal type. Products comprise feed additives, pharmaceuticals and vaccines. Feed additives are feed supplements, medicated food and nutritional feed to resolve the protein and vitamin deficiency majorly in farm animals. Pharmaceuticals include antibiotics, anti-parasitic, anti-inflammatories, analgesics and fertility drugs.

Based on animal type, the animal health industry can be categorised under two sections. First being livestock production and second being companion healthcare. Livestock production includes poultry, swine, cattle, equine and aquaculture and companion animals is pet ownership. This industry is niche and critical as around 70% of diseases known to affect humans known as 'zoonotic' are transmitted between animals and humans.

Animal health is the intersection of two large and growing industry sectors - pet care and livestock production. The relevance of livestock and companion health has been increasing substantially driven by burgeoning population, rise in per capita income and demand for protein-rich foods.

Among the animal APIs, anti-parasitic is the front-runner and the trend will continue for several years ahead. The dominance of anti-parasitic is attributed to high reporting of parasite infliction in companion animals and cattle alike. It is the most lucrative segment with revenues expected to grow from US\$ 2.5billion in 2017 to US\$ 4.6billion by 2025.

However, the pattern of manufacturing and consumption vary a lot. Asia Pacific region(APAC) continues to be the most attractive market for manufacturing of APIs. Low cost production capability and favourable Government policies have made the API manufacturers shift their production base to APAC region. However, the industry faces key challenges from growing competition and stringent regulations.





## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Indian Pharmaceutical Industry

India's pharmaceutical sector ranks third in terms of volume and thirteenth in terms of value of the global pharmaceutical industry. It plays a significant role in contributing to global healthcare through quality, economy and easy availability of medicines across the globe.

Indian APIs hold 36% of the total global APIs market share. The former has gained traction in recent years led by the generic and biosimilar markets. The on-going patent expiry cliff is expected to boost the overall API industry. Cost-effectiveness and high-quality drugs have positioned India as one of the preferred API manufacturing destination. Additionally, the chemicals and fertilizers ministry has joined hands with other ministries to sketch out a road map for rising APIs production in India. The market for APIs in India is estimated to cross revenues of US\$ 5.5 billion by the end of 2020.

The Drug Controller General of India (DCGI) regulates and licenses products for veterinary use. The Government has been encouraging the growth of drug manufacturing in India. In order to reduce the dependency on China for APIs, the Government has taken various measures to boost the domestic production. This includes Pharma Vision 2020, 'Make in India', Katoch Committee and Establishment of National Institute of Pharmaceutical Education and Research (NIPER). This has helped small and medium sized companies to enter in API market to capture the niche segments. All these factors are bound to drive growth of the Indian API market and increase its share in the global platform in the coming years.

India is positioned as the second fastest growing animal healthcare market. The market can be broadly segmented into livestock and companion animals. Animal husbandry being an integral part of rural India has provided livestock a higher prominence in the animal healthcare landscape. The animal healthcare market is expected to witness a CAGR of 8% over 2015-24 to US\$ 1.17 billion. It has been on an upswing on account of growing significance of the quality of animal products and threat of animal borne diseases.

Adoption of innovative technologies and new approaches have led to a paradigm shift in the animal husbandry industry. The manufacturers of animal APIs have advanced from therapeutics to prevention to overall healthcare of animals, thus strengthening the overall industry.

The APIs have been growing strongly in recent years, led by the generic and bio-similar markets. The patent expiries of several multi-bagger drugs aid the growth of the APIs market in India.

*(Source: Business Wire, Live Mint, IBEF, Business World, Digital Journal)*

### OPPORTUNITIES & THREATS

#### Growth Drivers

- ∞ **Increasing demand for protein rich food:** Growing disposable income, burgeoning population and changing lifestyle are the prominent factors resulting into upsurge in global milk and meat consumption. To meet the growing global demand of protein-rich food, such as eggs, milk and meat, significant weightage has been given to increasing the production of farm animals. Growing population has led to the rise in the demand for protein-rich products such as eggs, milk and meat. This has resulted in scaling up animal farming consequently upping the demand for animal healthcare products.
- ∞ **Rising prevalence of parasitic diseases:** Soaring demand for meat, eggs and milk has raised the risk of transmission of diseases from animals to humans. The incidence of parasitic and infectious diseases will lead to innovations in managing the healthcare diseases
- ∞ **Adoption of companion animal:** Growing disposable income is enabling people to adopt pet animals and spend on their healthcare. This trend is likely to continue going ahead, for instance in the US it is observed that the owner of dogs and cats is happier and healthier as compared to a non-pet owner. Demand for pets will contribute significantly to the growth in animal healthcare industry.

#### Key Regions

##### ∞ North America

The market is dominated by North America and is expected to reach US\$ 18,186 million by 2027. The animal healthcare sector ensures that the end consumer gets the safest food sources for consumption. At the same time, better productivity of the livestock is ensured along with key focus on quality. This shift in priorities has resulted in an increased demand to a greater extent in animal healthcare in North America.

##### ∞ Europe

Europe is the second largest market accounting for 25% of global animal healthcare market. The industry participants in this region spend considerably on research and development activities in order to develop better solutions for animal healthcare. Within Europe, the UK holds nearly 15% of the market share and accounts for more than 50% in biological & anti-parasiticides of total animal healthcare market in the country.

##### ∞ Asia Pacific

The Asia Pacific region is anticipated to grow at the fastest pace owing to extensive animal husbandry practices in the developing countries like China and India.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### China

China is expected to witness at 10% CAGR over 2018-24. The increasing awareness and knowledge among the pet owners about pet disease, the favourable Government initiatives for pet keeping and advancement in new product development are the key factors improving the growth in this region.

### India

India accounts for 18% of the global livestock population and ranked as the largest producer of cattle, chicken and fish. The increasing awareness about animal health is the predominant element for the rising demand of animal healthcare products in India.

(Source: Zion Market Research, Persistence Market Research PMR, Prnews wire, Lanews, Digital Journal)

### Challenges

- ∞ Slowdown of growth rates: The global markets have slowed in the past decade from double digit growth rates seen earlier to single digit growth rates. The US and European markets have slowed down even more.
- ∞ New technologies impact on pharma: The technological developments in healthcare as a whole, such as artificial intelligence and 3D printing and their impacts on business models, operations, workforce needs and cybersecurity risks need careful understanding as obsolescence can quickly steal in.
- ∞ Environment related issues: As the regulators and society demands on industry to minimise the footprint on environment gets stiffer, the industry needs to raise its standard and attain global standards in environment and workforce health.

### COMPANY REVIEW

NGL Fine-Chem Limited is an established player in the pharmaceutical industry over the past four decades. The Company is engaged in the business of manufacturing and exporting of veterinary and human APIs, intermediates and finished dosage forms to Indian as well as foreign customers. Approximately 79% of its total revenue comes from exports. Europe accounts for more than 51% of the total exports. Across the globe, the Company has successfully retained more than 99% of its clients through high quality standards and cost competitiveness.

### Product-wise Performance

With a majority of its business driven by the API segment, the Company manufactures over 20 APIs in the veterinary division. These ingredients are used in different therapeutic

categories such as ecto paracitocides, anthelmintics, growth nutrients, endo paracitocides among others. It contributes 83% of revenues in 2018-19. The Company also manufactures 4 APIs in for human health. These ingredients are used in anti-diarrheal, angina and anti-malarial. It contributes 2.6% of revenues in 2018-19.

The Company's intermediates contribute to 7.8% of revenue, whereas finished dosage forms contribute 5.3% to the revenue.

### FINANCIAL PERFORMANCE

#### Financial Highlight for 2018-19

(₹ Crores)		
Particulars	2018-19	2017-18
Sales Turnover (Net)	150.78	112.96
R&D Cost	1.42	0.79
EBIDTA	36.15	23.92
PBT	27.57	17.80
PAT	20.13	12.59
Total Asset	142.19	129.29
Earnings per Share (EPS) (in ₹)	32.58	20.38

For NGL Fine-Chem Limited, the total income has grown by 33% EBITDA has increased by 51% to ₹ 36.15 Crores in the 2018-19, compared to ₹ 23.92 Crores in 2017-18, despite adverse market conditions. Research and Development cost has increased to ₹ 1.42 Crores in 2018-19 from ₹ 0.79 Crores in 2017-18, led by innovation in manufacturing. Profit after tax increased by 59.83% to ₹ 20.13 Crores in the 2018-19, compared to ₹ 12.59 Crores in 2017-18, despite adverse market conditions. EPS has increased to ₹ 32.58 in 2018-19 from ₹ 20.38 in 2017-18, backed by rise in net profit.

### Operational Performance

During the year under review, the Company continued to invest and focus on improving operational efficiency by enhancing API process development and upgradation. This will enable the Company to launch new products and refine the processes of existing products. Further, costs were also controlled effectively thus, leading to better operational efficiency and increased revenues. The Company was able to utilise the plant capacity better than the previous year at both the factory locations i.e. at Tarapur and Navi Mumbai, leading to a rise in sales.

### Internal Control System

NGL Fine-Chem Limited has an inclusive internal control system, furnished with qualified and experienced personnel



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

in several departments. This enables smooth functioning within the Company. The internal control commensurate with its size and nature of the business. These procedures ensure efficient use and protection of the resources. It ensures reasonable assurance about the reliability and integrity of financial statements.

Additionally, the internal audit process is designed in such a way, that it reviews all significant areas of the Company's operations.

### Human Resource

As on 31st March, 2019 more than 240 employees were employed in the organisation. The Company treats all its employees equally and considers them the most valuable assets. It has implemented human resource policies for effective and efficient staffing. The Company's main focus is to attract and retain its pool of scientific and managerial resources. Performance of employees are recognised individually, through a thoughtful mix of incentives & performance bonuses.

### Risk Management

Every company is exposed to certain risk and NGL Fine-Chem Limited is not an exception. The Company has risk management system to mitigate the risk. The following are major non-financial risks:

Risks	Risk Definition	Risk Mitigation
<b>Product Portfolio Risk</b>	Focusing on only single product or single therapeutic segments can render into changing affluences for any company.	De-leveraging product portfolio by manufacturing an array of products under each segment.
<b>Geographical Risk</b>	Exports to foreign countries. Interruptions in international markets, either due to political or natural calamities can impact the top line.	Appropriate hedging and insurance.
<b>Competition Risk</b>	Competition from both Indian as well as Chinese counterparts.	Achieved cost competitiveness and economies of scale through continuous innovation in processes and marketing.

Risks	Risk Definition	Risk Mitigation
<b>Environment, Safety &amp; Health Risk</b>	Stringent environment laws.	Upgraded the effluent treatment to "zero liquid discharge" at one of its units. Reusing the entire discharge thus, minimising the impact on environment.

Ratio Analysis :

Particulars	2018-19	2017-18	% Change
Debtors Turnover Ratio	5.05	3.91	29.02
Inventory Turnover Ratio	3.61	3.52	2.49
Interest coverage Ratio	13.06	12.44	4.91
Current Ratio	1.87	1.39	34.73
Debt Equity Ratio	0.29	0.37	(20.32)
Operating Profit Margin Ratio (%)	19.80	17.44	13.54
Net Profit Margin Ratio (%)	13.35%	11.35%	17.64
Return on Net worth (%)	21.85%	17.48%	25.04

Debtors Turnover Ratio : Change is due to better management of receivables by the company

Current Ratio: Change is due to greater flow back of internal accruals directed towards working capital use.

Debt Equity Ratio: Change is due to repayment of long-term borrowings

Return on Net worth: The Company has been able to generate high return by better control on its cost and higher capacity utilisation which have transferred into higher profits resulting in high return on Net worth.

### CAUTIONARY STATEMENT

Estimate and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities, laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make difference to your Company's operations include economic conditions in the Government regulations, tax laws, other statutes and other incidental factors.





# INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
**NGL FINE-CHEM LIMITED**  
Report on the Standalone Financial Statements

## OPINION

We have audited the accompanying standalone financial statements of NGL FINE-CHEM LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Report	How was the matter addressed in our audit
<p><b>Revenue Recognition</b></p> <p>Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue is measured based on transaction price, which is the consideration, adjusted for rebates, discounts and incentives as also estimated sales returns.</p> <p>Revenue is one of the key profit drivers and therefore, accounting of revenue is considered as a key audit matter.</p> <p>[Refer Note 2.07 to the financial statements]</p>	<p><b>Our audit procedures, among other things, included the following:</b></p> <ul style="list-style-type: none"> <li>• Considered the appropriateness of the Company's accounting policies regarding revenue recognition</li> <li>• Testing controls, automated and manual, around dispatches/ deliveries/shipments inventory reconciliations and process of confirmation of receivable balances, testing for cut-offs and analytical review procedures</li> <li>• Assessed the disclosures in accordance with the requirements of Ind AS 115 on "Revenue from Contracts with Customers".</li> </ul>



**INDEPENDENT AUDITOR'S REPORT (Contd.)**

<p><b>Valuation of inventories</b></p> <p>The Company has complex product manufacturing process and thus, the overhead absorption over each process is quite complex and more particularly, to have the basis of absorption. The Company has worked out the overhead absorption cost rate based on the consumption of electricity of each process and apply the same for all other overheads.</p> <p>Due to significance of arriving at the overhead absorption rate for the valuation of inventories, it is considered to be a key audit matter.</p> <p>[Refer Note 2.06 to the financial statements]</p>	<p><b>Our audit procedures, among other things, included the following.</b></p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the basis applied to arrive at the overhead absorption rate;</li> <li>• Examined the workings of the absorption of over heads to arrive at the cost of inventories.</li> <li>• Our audit methodology involves process adopted to ascertain and evaluate the methods used are reasonable and absorbs overheads in an appropriate &amp; logical manner.</li> <li>• Assessed the disclosures in accordance with the requirements of Ind AS 2 on "Inventories".</li> </ul>
<p><b>Allowance for Expected Credit Loss of Trade Receivables</b></p> <p>Provision for impairment by way of Allowance for Expected Credit Loss (ECL) of Trade Receivables require –</p> <ul style="list-style-type: none"> <li>• the appropriateness of accounting policies for determination of Allowance for ECL;</li> <li>• operational procedures and systems of internal control in estimation of ECL.</li> <li>• estimation of expected losses and appropriate assumptions and significant judgments on the recoverability of receivables;</li> <li>• the completeness, accuracy, relevance and reliability of historical information;</li> <li>• the Company's overall review of the estimate; and</li> <li>• the clarity and reasonableness of related ECL disclosures.</li> </ul> <p>In view of the determination of the basis and quantum of Allowance of ECL, it is a significant item in the financial statements and hence, considered to be a key audit matter.</p> <p>[Refer Note 2.15 to the standalone financial statements]</p>	<p><b>Our audit procedures included, among others, the following :</b></p> <ul style="list-style-type: none"> <li>• Obtained sufficient and appropriate audit evidence about whether policies, operational procedures, internal control systems and other relative assumptions for estimation and determination of Allowance for ECL are reasonable.</li> <li>• Objectively evaluated the estimates made in the broader context of the financial statements as a whole;</li> <li>• Assessed the estimates and assumptions adopted by the Company in determining the need to recognise a provision and, where applicable, its amount;</li> <li>• Evaluated the completeness of disclosures in respect of Allowance for Expected Credit Loss.</li> </ul>
<p><b>Capital work-in progress/Property Plant and Equipment (PPE).</b></p> <p>The Company had embarked on the project of setting up/ expansion of manufacturing plant at Tarapur. PPE have been capitalised and depreciation provided once the assets were ready to use</p> <p>[Refer Note 2.08 to the financial statements]</p>	<p><b>Our audit procedures, among other things, included the following:</b></p> <ul style="list-style-type: none"> <li>• Assessed the design and tested the implementation and operating effectiveness of controls in respect of review of capital work in progress;</li> <li>• Evaluated related documents for timing of capitalisation and recording of additions to items of various items of PPE and in case of projects determination of the cut-off date, that is, commencement of trial run, for capitalisation.</li> </ul>
<p><b>Loss by fire</b></p> <p>In June 2018, there was fire in the Company's new Plant at Tarapur, thereby resulting in substantial loss of machinery and equipment. Manufacturing could be carried out up to 27th June, 2018. The amount of loss by fire, without considering replacement cost or loss of profit claim, is 350.48 Lakhs.</p> <p>Preliminary insurance claim has been filed and final claim is being filed shortly.</p> <p>Due to significant amount of loss, and the judgment in arriving that amount, it is considered to be a key audit matter.</p> <p>Refer to Note 35 to the financial statement.</p>	<p><b>Our audit procedures, among other things, included the following :</b></p> <p>Evaluated the appropriateness of the amount of loss by fire.</p> <p>Verified the documents regarding the estimate of preliminary insurance claim prepared on the basis of professional advice received by the Company.</p> <p>Assessed the disclosure made in the Financial Statements.</p>



## INDEPENDENT AUDITOR'S REPORT (Contd.)

Information Other than the Standalone Financial Statements and Auditor's Report Thereon.

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating

effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under



## INDEPENDENT AUDITOR'S REPORT (Contd.)

section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the



## INDEPENDENT AUDITOR'S REPORT (Contd.)

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

- (i) The Company does not have any pending litigation which would impact its financial position.

- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Manek & Associates**  
**Chartered Accountants**

Firm's registration number:  
0126679W

sd/-

**Shailesh Manek**

**Proprietor**

Membership number.034925

Place : Mumbai

Dated : 24th May, 2019



## ANNEXURE - A TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **NGL FINE-CHEM LIMITED** ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITORS' RESPONSIBILITY

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

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and



## ANNEXURE - A TO THE AUDITORS' REPORT (Contd.)

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Manek & Associates**  
**Chartered Accountants**

Firm's registration number:  
0126679W

sd/-

**Shailesh Manek**

**Proprietor**

Membership number.034925

Place : Mumbai

Dated : 24th May, 2019





## ANNEXURE - B

### TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over three years. In accordance with this programme,

certain fixed assets were verified during the year and the material discrepancies which were noticed have been properly dealt with in the books of account. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except the following

Type of Asset	Total No of cases	Leasehold/ Freehold	Gross Block as on 31st March, 2019	Net Block as on 31st March, 2019	Remarks
Land-FS/5 MIDC Additional Mahad Industrial Area	1	Leasehold	36,94,875	32,70,664	Conveyance deed pending to be executed. The Managing Director of the company is holding power of attorney in respect thereof.

- (ii) The inventories have been physically verified by the management at reasonable intervals during the year.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, ('the Act'). Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has neither made any Investments nor has not granted any loans, or provided any guarantees or security in respect of any loans to any party covered under section 185 and 186 of the Companies Act, 2013 and therefore, the provisions of clause 3(iv) of the order is not applicable.
- (v) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, and the Rules framed there under are not applicable and also no orders were passed by National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal and therefore clause 3(v) of the order is not applicable.
- (vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013 in respect of the manufacturing activities carried on by the Company and therefore, the provision of clause 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and service tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, duty of customs, goods and service tax, cess and other material statutory dues were in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable except the following which has since been paid.

## ANNEXURE - B TO THE AUDITORS' REPORT (Contd.)

Particulars	Amount
Goods and Service Tax Under Reverse Charge Mechanism.	₹ 98,984/-

- (c) According to the information and explanation given to us, there are no material dues of income tax, customs duty, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank and financial institution.
- (ix) During the financial year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or by way of term loans and hence provisions of clause 3 (ix) of the order is not applicable.
- (x) According to information and explanations given to us there were no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year and therefore, the provision of clause 3 (x) of the Order is not applicable.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the company is not a chit fund or a nidhi Company and therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.

(xiii) According to information and explanation given to us, all the transactions with related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 were applicable. The details of related party transactions have been disclosed in the IndAs financial statements, as required under the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore, the provisions of clause 3(xiv) of the Order are not applicable to the company.

(xv) During the financial year, the Company has not entered into any non-cash transactions with directors or persons connected with him and therefore, the provisions of clause 3(xv) of the Order are not applicable to the company.

(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore, the provisions of clause 3(xvi) of the Order are not applicable to the company.

For **Manek & Associates**  
**Chartered Accountants**

Firm's registration number:  
0126679W

sd/-

**Shailesh Manek**

**Proprietor**

Membership number.034925

Place : Mumbai

Dated : 24th May, 2019



# BALANCE SHEET

## AS AT 31ST MARCH, 2019

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	60,81,88,685	56,14,48,969
(b) Capital work-in-progress	3	-	3,29,22,021
(c) Intangible assets	4	12,14,329	17,98,976
(d) Financial assets			
(i) Others	5	9,08,94,905	13,14,87,683
(e) Other non-current assets	6	76,74,684	38,40,410
<b>Total non-current assets</b>		<b>70,79,72,603</b>	<b>73,14,98,059</b>
<b>(2) Current assets</b>			
(a) Inventories	7	18,61,01,194	16,81,05,324
(b) Financial assets			
(i) Investments	8	8,68,99,194	6,47,74,989
(ii) Trade receivables	9	33,12,39,179	27,66,72,590
(iii) Cash and cash equivalents	10	78,89,268	1,48,63,162
(iv) Bank balances other than (iii) above	11	2,34,94,635	2,23,36,370
(v) Others	12	1,88,88,965	95,23,846
(c) Other current assets	13	5,94,21,094	51,34,397
<b>Total current assets</b>		<b>71,39,33,529</b>	<b>56,14,10,678</b>
<b>Total Assets</b>		<b>1,42,19,06,132</b>	<b>1,29,29,08,737</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	3,08,90,120	3,08,90,120
(b) Other equity			
(i) Reserves and surplus	15	89,03,40,288	68,95,28,279
Share application money pending allotment		-	-
<b>Total Equity</b>		<b>92,12,30,408</b>	<b>72,04,18,399</b>
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	8,00,67,523	12,36,00,565
(b) Provisions	17	1,40,15,989	1,48,85,953
(c) Deferred tax liabilities	18	2,23,44,379	2,83,22,531
(d) Other non-current liabilities	19	25,69,198	12,32,867
<b>Total non-current liabilities</b>		<b>11,89,97,089</b>	<b>16,80,41,916</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	15,30,98,715	11,26,45,903
(ii) Trade payables	21	16,11,52,836	23,53,46,835
(iii) Other financial liabilities	22	5,60,70,311	5,35,60,074
(b) Provisions	17	30,40,812	24,29,163
(c) Current Tax Liabilities (Net)	23	83,03,770	4,58,490
(d) Other Current Liabilities	24	12,191	7,957
<b>Total current liabilities</b>		<b>38,16,78,635</b>	<b>40,44,48,422</b>
<b>Total Liabilities</b>		<b>50,06,75,724</b>	<b>57,24,90,338</b>
<b>Total Equity And Liabilities</b>		<b>1,42,19,06,132</b>	<b>1,29,29,08,737</b>

(The accompanying notes 1 to 50 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**  
Chartered Accountants

Firm Registration Number: 126679W

Sd/-  
**Shailesh Manek**  
Proprietor

Membership Number: 034925

Place: Mumbai

Date: 24th May, 2019

For and on behalf of the Board of Directors

Sd/-  
**Milind Shinde**  
Chairman

DIN: 01593560

Sd/-  
**Pallavi Pednekar**  
Company Secretary

ACS: A33498

Place: Mumbai

Date: 24th May, 2019

Sd/-  
**Rahul Nachane**  
Managing Director

DIN: 00223346

Sd/-  
**Jayram Sitaram**  
Director

DIN: 00103676

Sd/-  
**Rajesh Lawande**  
Executive Director & CFO

DIN: 00327301

Sd/-  
**Ajita Nachane**  
Director

DIN: 00279241



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Income			
Revenue from Operations	25	1,53,17,43,169	1,15,67,80,897
Other income	26	4,11,95,340	2,57,14,521
<b>Total income</b>		<b>1,57,29,38,509</b>	<b>1,18,24,95,418</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	63,90,31,894	50,38,07,040
Changes in inventories of finished goods and work in progress	28	(1,26,64,705)	(4,51,37,895)
Excise duty on sale of goods		-	2,01,92,988
Employee benefits expense	29	21,16,49,053	18,37,17,301
Other expenses	30	37,33,84,116	28,07,31,847
Finance Cost	31	2,28,70,791	1,55,49,936
Depreciation expense	3	6,30,01,983	4,56,06,527
<b>Total expenses</b>		<b>1,29,72,73,132</b>	<b>1,00,44,67,744</b>
<b>Profit before tax from continuing operations</b>		<b>27,56,65,377</b>	<b>17,80,27,674</b>
Current tax	42	(7,80,00,000)	(3,81,00,000)
Less: MAT Credit	42	-	57,00,000
Current tax expense relating to prior years		(21,87,885)	5,07,680
Deferred tax (expense)/writeback		57,90,725	(2,02,05,640)
<b>Income tax expense</b>		<b>(7,43,97,160)</b>	<b>(5,20,97,960)</b>
<b>Profit for the year from continuing operations</b>		<b>20,12,68,217</b>	<b>12,59,29,714</b>
<b>Other comprehensive income (OCI)</b>			
<b>Other comprehensive income not to be reclassified to profit and loss in subsequent periods:</b>			
Profit/(Loss) on actuarial valuation of post employment benefits		(6,43,635)	5,40,359
Add/(Less): Income tax expense		1,87,427	(1,50,328)
<b>Other comprehensive income for the year, net of tax</b>		<b>(4,56,208)</b>	<b>3,90,031</b>
<b>Total comprehensive income for the year</b>		<b>20,08,12,009</b>	<b>12,63,19,745</b>
<b>Earnings per equity share (for continuing operations)</b>			
Basic		32.58	20.38
Diluted		32.58	20.38

(The accompanying notes 1 to 50 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**  
**Chartered Accountants**

Firm Registration Number: 126679W

Sd/-  
**Shailesh Manek**  
**Proprietor**

Membership Number: 034925

Place: Mumbai  
Date: 24th May, 2019

For and on behalf of the Board of Directors

Sd/-  
**Milind Shinde**  
**Chairman**

DIN: 01593560

Sd/-  
**Pallavi Pednekar**  
**Company Secretary**  
ACS: A33498Place: Mumbai  
Date: 24th May, 2019Sd/-  
**Rahul Nachane**  
**Managing Director**

DIN: 00223346

Sd/-  
**Jayram Sitaram**  
**Director**

DIN: 00103676

Sd/-  
**Rajesh Lawande**  
**Executive Director & CFO**

DIN: 00327301

Sd/-  
**Ajita Nachane**  
**Director**

DIN: 00279241



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

### A. EQUITY SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Value	Number of shares	Value
<b>Balance at beginning of year</b>	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issue of share capital	-	-	-	-
<b>Balance at end of year</b>	<b>61,78,024</b>	<b>3,08,90,120</b>	<b>61,78,024</b>	<b>3,08,90,120</b>

### B. OTHER EQUITY

(All amounts are in ₹ unless stated otherwise)

Particulars	Equity share capital	Reserves and Surplus			Total	Items of OCI
		Securities Premium	Retained Earnings	Other reserves		Remeasurement of net defined benefit liability /asset
<b>At 31st March, 2018</b>	3,08,90,120	11,73,981	66,74,25,613	2,09,28,682	72,04,18,396	
Profit for the year	-	-	20,12,68,217	-	20,12,68,217	-
Other comprehensive income for the year	-	-	(4,56,208)	-	(4,56,208)	(4,56,208)
<b>At 31st March, 2019</b>	<b>3,08,90,120</b>	<b>11,73,981</b>	<b>86,82,37,623</b>	<b>2,09,28,682</b>	<b>92,12,30,406</b>	<b>(4,56,208)</b>

(The accompanying notes 1 to 50 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**  
**Chartered Accountants**

Firm Registration Number: 126679W

Sd/-  
**Shailesh Manek**  
**Proprietor**

Membership Number: 034925

Place: Mumbai  
Date: 24th May, 2019

For and on behalf of the Board of Directors

Sd/-  
**Milind Shinde**  
**Chairman**

DIN: 01593560

Sd/-  
**Pallavi Pednekar**  
**Company Secretary**

ACS: A33498

Place: Mumbai  
Date: 24th May, 2019

Sd/-  
**Rahul Nachane**  
**Managing Director**

DIN: 00223346

Sd/-  
**Jayram Sitaram**  
**Director**

DIN: 00103676

Sd/-  
**Rajesh Lawande**  
**Executive Director & CFO**

DIN: 00327301

Sd/-  
**Ajita Nachane**  
**Director**

DIN: 00279241



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before extraordinary items and tax</b>	27,56,65,377	17,80,27,674
Adjustments for:		
Depreciation and amortisation expense	6,30,01,983	4,56,06,527
Finance costs	2,28,70,791	1,55,49,936
Dividend income	-2,46,291	-2,37,355
Interest income	-15,40,278	-17,69,954
Gain on sale of investments	-49,56,752	-46,90,524
Other Comprehensive Income	-4,56,208	3,90,031
<b>Operating profit before working capital changes</b>	<b>35,43,38,622</b>	<b>23,28,76,335</b>
Changes in working capital:		
Adjustments for (increase)/ decrease in operating assets:		
Inventories	-1,79,95,870	-4,99,86,705
Other non current financial assets	4,05,92,778	-4,36,96,227
Other non-current assets	-38,34,274	1,73,34,104
Trade receivables	-5,45,66,589	2,46,17,803
Other current financial assets	-3,26,47,589	-1,75,63,515
Other current assets	-5,42,86,697	-5,31,619
	<b>-12,27,38,241</b>	<b>-6,98,26,158</b>
Adjustments for increase/ (decrease) in operating liabilities:		
Trade payables	-7,41,93,999	9,07,94,381
Other current financial liabilities	25,10,237	1,00,20,568
Other current provisions	6,11,649	-5,70,554
Other current liabilities	78,49,514	-14,75,825
Other non current liabilities	-46,41,821	2,04,91,487
Other non-current provisions	-8,69,964	-65,64,064
	<b>-6,87,34,384</b>	<b>11,26,95,993</b>
<b>Cash generated from operations</b>	<b>16,28,65,997</b>	<b>27,57,46,170</b>
Net income tax paid	-7,43,97,160	-5,20,97,960
<b>Net cash flow from operating activities (A)</b>	<b>8,84,68,838</b>	<b>22,36,48,210</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Gain on sale of investments	49,56,752	46,90,524
Dividend income	2,46,291	2,37,355
Interest Income	15,40,278	17,69,954
Finance Cost	-2,28,70,791	-1,55,49,936
Long term borrowings	-4,35,33,042	2,90,19,238
Short term borrowings	4,04,52,812	32,87,088
Purchases of Fixed assets	-14,49,80,454	-23,86,00,407
Loss of capital goods by fire	6,87,45,424	
Disposal of fixed assets	-	42,76,262
<b>Net cash flow used in investing activities (B)</b>	<b>-9,54,42,730</b>	<b>-21,08,69,922</b>





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital	-	-
Share application money	-	-
Share Premium	-	-
<b>Net cash flow from/ (used in) financing activities (C)</b>	-	-
<b>Net increase/ (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>-69,73,892</b>	<b>1,27,78,288</b>
<b>Add:</b> Cash and cash equivalents at the beginning of the year	1,48,63,162	20,84,872
<b>Cash and cash equivalents at the end of the year *</b>	<b>78,89,270</b>	<b>1,48,63,160</b>

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*</b>		
*Comprises of:		
(a) Cash on hand	4,42,835	12,69,532
(b) Balances with banks		
(i) In current accounts	74,46,435	1,35,93,628
	<b>78,89,270</b>	<b>1,48,63,160</b>

(The accompanying notes 1 to 50 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**  
**Chartered Accountants**

Firm Registration Number: 126679W

Sd/-  
**Shailesh Manek**  
**Proprietor**

Membership Number: 034925

Place: Mumbai

Date: 24th May, 2019

For and on behalf of the Board of Directors

Sd/-  
**Milind Shinde**  
**Chairman**

DIN: 01593560

Sd/-  
**Pallavi Pednekar**  
**Company Secretary**

ACS: A33498

Place: Mumbai

Date: 24th May, 2019

Sd/-  
**Rahul Nachane**  
**Managing Director**

DIN: 00223346

Sd/-  
**Jayram Sitaram**  
**Director**

DIN: 00103676

Sd/-  
**Rajesh Lawande**  
**Executive Director & CFO**

DIN: 00327301

Sd/-  
**Ajita Nachane**  
**Director**

DIN: 00279241



## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

NGL Fine-Chem Limited (The Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (CIN: L24110MH1981PLC025884). Its shares are listed on the Bombay Stock Exchange. The Company is a manufacturer of pharmaceuticals and intermediates for usage in veterinary and human health. The Company caters to various global companies to custom manufacture high quality pharmaceuticals.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Basis of preparation

Financial statements for the year ended 31st March, 2019 are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 together with comparative period data as at and for the year ended 31st March, 2018.

#### 2.02 Functional currency and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian Rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees.

#### Transactions and balances

Transactions in foreign currency are translated into Indian rupees at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is

treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation difference on items whose fair value gain or loss is recognised in the statement of Other Comprehensive Income (OCI) or the statement of profit or loss is also recognised in the statement of OCI or the statement of profit or loss, respectively).

#### 2.03 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, and the income and expenses during the reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and the assumptions having the most significant effect on the amounts recognised in the financial statements are:

- Valuation of financial instruments
- Useful life of property, plant and equipment
- Useful life of intangible assets
- Provisions

#### 2.04 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.



## NOTES TO FINANCIAL STATEMENTS (Contd.)

All other assets are classified as non-current.

A liability is current when

- It is expected to be settled in normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 2.05 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both; recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### 2.06 Inventories

Stock of raw materials, consumable stores and fuel and oil are valued at lower of cost or market value, on FIFO basis. Finished goods and work in progress are valued at cost of production or market value whichever is lower.

### 2.07 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from sale of goods

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns & trade discounts.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

Revenue from sale of goods is recognised when the following conditions are satisfied:

- ▶ The Company has transferred the significant risks and rewards of ownership of the goods to the buyer.
- ▶ The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold.
- ▶ The amount of revenue can be measured reliably.
- ▶ It is probable that the economic benefits associated with the transaction will flow to the Company.
- ▶ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. Upon initially applying this standard there is no impact which is required to be recognised at the date of initial application (i.e. April 1, 2018).

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

#### Other income

- ▶ Dividend income is accounted for when the right to receive dividend is established.
- ▶ Interest is recognised only when no uncertainty as to measurability or collectability exists. Interest on fixed deposits is recognised on time proportion basis considering the amount outstanding and the rate applicable.
- ▶ Export Duty Drawback and MEIS Incentives are accounted on accrual basis when the certainty to receive is established.

### 2.08 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Property, plant and equipment and capital work in progress cost



## NOTES TO FINANCIAL STATEMENTS (Contd.)

include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income/other expenses" in the statement of profit and loss.

Depreciation in accounts is charged on Straight Line Method based on the management's estimate of useful life of each class of assets and considering the useful life prescribed by Schedule II of the Companies Act, 2013 on the cost, as reduced by the amount of Excise Cenvat, GST and VAT setoff claimed

### Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss.

Depreciation is provided on Straight Line Method (SLM) basis, based on the estimated useful life of the assets.

Asset Class	Estimated useful life (number of years)	Estimated life as per Companies Act
Plant and Machinery	9.67	9.67
Computers- Servers	6.00	6.00
Computer - Others	3.00	3.00
Electrical Installation	9.67	9.67
Laboratory Equipment	9.67	9.67
Buildings	30.00	30.00
Furniture and Fixtures	10.00	10.00
Vehicles	8.00	8.00
Office Equipment	5.00	5.00

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.09 Intangible assets

Intangible assets acquired by the Company and having finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

All revenue expenses pertaining to research are charged to the profit and loss account in the year in which they are incurred.

Expenditure of capital nature is capitalised as fixed assets and depreciated as per the company's policy.

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

### Amortisation of intangible assets with finite useful lives:

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

### 2.10 Earning per share

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



## NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

### 2.11 Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company determines the tax as per the provisions of Income Tax Act 1961 and other rules specified thereunder.

Current income tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit because of MAT is recognised as an asset based on the management's estimate of its recoverability in the future.

#### Deferred tax

Deferred tax is measured using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- Deferred tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.





## NOTES TO FINANCIAL STATEMENTS (Contd.)

- Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

### 2.12 Borrowing costs

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 are charged to statement of profit and loss.

### 2.13 Provisions and contingent liabilities

The Company recognises a provision when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Long term provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value

in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial asset

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- at amortised cost through profit or loss
- at amortised cost through other comprehensive income
- at fair value through other comprehensive income
- at fair value through profit or loss

#### Financial assets at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

This category is the most relevant to the Company. All the Loans and other receivables under financial assets (except investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by impairment amount.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

### **Financial assets at fair value through the statement of profit and loss/other comprehensive income**

Instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the statement of OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material lay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of

the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **Impairment of financial assets**

The Management has evaluated the impairment provision requirement under IND AS 109 and has listed below major facts for trade and other receivables impairment provisioning:

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Expected Credit Loss (ECL) impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and other contractual revenue receivables- ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial assets measured at FVTOCI- Since financial assets are already reflected at fair value, impairment allowance is not further reduced from



## NOTES TO FINANCIAL STATEMENTS (Contd.)

its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss, loans and borrowings, trade payables and other payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including other payables.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

#### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or it expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **Embedded derivatives**

Embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way like a stand alone derivative. Embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through the statement of profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### **Compound instruments**

#### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business

## NOTES TO FINANCIAL STATEMENTS (Contd.)

model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.16 Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts and cash credits are shown within borrowings in current liabilities in the balance sheet.

### 2.17 Employee benefits

- i) Defined contribution plans (Provident Fund)
 

In accordance with Indian Law, eligible employees receive benefits from Provident Fund, which is defined contribution plan. Both the employee and employer make monthly contributions to the plan, which is administrated by the Government authorities, each equal to the specific percentage of employee's basic salary. The Company has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.
- ii) Defined benefit plans (Gratuity)
 

In accordance with applicable Indian Law, the Company provides for gratuity, a defined



## NOTES TO FINANCIAL STATEMENTS (Contd.)

benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, and amount based on respective last drawn salary and the years of employment with the Company. The Company's net obligation in respect of the Gratuity Plan is calculated by estimating the amount of future benefits that the employees have earned in return of their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of plan assets are deducted. The discount rate is the yield at reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service cost and the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contribution to the plan. The Company recognises all remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity.

### iii) **Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accrued absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company recognises an obligation for compensated absences in the period in which the employee renders the services. The Company provides for the expected cost of compensated absence in

the statement of profit and loss as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

### **2.18 Segment reporting**

As the Company's business activities fall within a single primary business segment of pharmaceuticals, the disclosure requirements of Ind AS 108 in this regard are not applicable.

### **2.19 Leases**

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases

#### **Company as a lessee**

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK		
	As on 01-Apr-18	Additions	Deductions	As at 31-Mar-19	For the year	Additions/(-) Deductions	As at 31-Mar-19	As at 01-Apr-18	As on 01-Apr-18
Leasehold land	3,12,90,596			3,12,90,596	3,30,660		10,08,156	3,02,82,440	3,06,13,100
Buildings	13,70,04,194	5,54,74,858	-7,37,777	19,17,41,275	52,04,429	-2,586	1,16,09,045	18,01,32,230	13,05,96,992
Plant and Equipment	44,16,70,113	12,13,03,645	-7,22,12,552	49,07,61,206	5,31,30,533	-44,78,348	10,61,67,997	38,45,93,209	38,41,54,301
Furniture and Fixtures	39,52,471	2,61,737	-2,88,082	39,26,126	5,35,267	-12,053	14,16,006	25,10,120	30,59,679
Vehicles	1,44,50,577			1,44,50,577	21,65,227		59,41,156	85,09,421	1,06,74,648
Office Equipments	37,39,272	5,92,235		43,31,507	7,81,219		21,70,242	21,61,265	23,50,249
<b>Total</b>	<b>63,21,07,223</b>	<b>17,76,32,475</b>	<b>-7,32,38,411</b>	<b>73,65,01,287</b>	<b>6,21,47,335</b>	<b>-44,92,987</b>	<b>12,83,12,602</b>	<b>60,81,88,685</b>	<b>56,14,48,969</b>
Capital work-in-progress	3,29,22,021		-3,29,22,021	-				-	3,29,22,021
Previous Year	27,68,14,133	36,31,68,048	-78,74,958	63,21,07,223	4,47,18,550	-35,98,696	7,06,58,254	56,14,48,969	24,72,75,733

a. Additions during the year and capital work in progress includes ₹ NIL (previous year Rs 69,24,515) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break up of borrowing costs capitalised is as follows:

Class of assets	2018-19	2017-18
Buildings		16,10,527
Plant & Machinery		53,13,988

b. Depreciation is provided based on useful life supported by the technical evaluation considering business specific usage, the consumption pattern of the assets and the past performance of similar assets.

Asset Class	Estimated useful life (number of years)	Estimated life as per Companies Act
Plant and Machinery	9.67	9.67
Computers- Servers	6.00	6.00
Computer - Others	3.00	3.00
Electrical Installation	9.67	9.67
Laboratory Equipments	9.67	9.67
Buildings	30.00	30.00
Furniture and Fixtures	10.00	10.00
Vehicles	8.00	8.00
Office Equipment	5.00	5.00







## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 4. INTANGIBLE ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK		As at		DEPRECIATION/AMORTIZATION			NET BLOCK	
	As on 01-Apr-18	Additions	31-Mar-19	Deductions	For the year	Additions/ (-) Deductions	As at 31-Mar-19	As at 31-Mar-19	As on 01-Apr-18
Computer Software	39,43,470	2,70,000	42,13,470	-	8,54,647	-	29,99,141	12,14,329	17,98,976
<b>Total</b>	<b>39,43,470</b>	<b>2,70,000</b>	<b>42,13,470</b>	<b>-</b>	<b>8,54,647</b>	<b>-</b>	<b>29,99,141</b>	<b>12,14,329</b>	<b>17,98,976</b>
Previous Year	29,76,202	9,67,268	39,43,470	-	8,87,977	-	21,44,494	17,98,976	17,19,685

Note: Depreciation is provided based on useful life supported by technical evaluation considering business specific usage, the consumption pattern of the assets and the past performance of similar assets

Asset Class	Estimated useful life (number of years)
Computer Software	3.00



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 5. OTHER NON CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at	
	31st March, 2019	31st March, 2018
<b>Others</b>		
Security deposits	1,40,12,500	93,76,602
Earnest money deposit	1,00,00,000	1,00,00,000
Advance income tax	8,83,757	85,82,547
Balance with government authorities	6,59,98,648	10,35,28,534
<b>Total</b>	<b>9,08,94,905</b>	<b>13,14,87,683</b>

### 6. OTHER NON CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at	
	31st March, 2019	31st March, 2018
Capital advances	72,46,361	31,78,633
Prepaid lease rent	3,59,020	5,32,064
Deferred processing fees	69,303	1,29,713
<b>Total</b>	<b>76,74,684</b>	<b>38,40,410</b>

### 7. INVENTORIES

(At cost or realizable value whichever is lower)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at	
	31st March, 2019	31st March, 2018
Raw materials	4,74,43,143	4,27,12,031
Work-in-progress	10,56,21,045	8,94,81,200
Finished goods	3,03,88,328	3,38,63,468
Fuel & Oil	11,99,327	5,09,004
Consumables	9,46,696	9,93,616
Packing Materials	5,02,655	5,46,005
<b>Total</b>	<b>18,61,01,194</b>	<b>16,81,05,324</b>

### 8. CURRENT INVESTMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at		As at	
	31st March, 2019		31st March, 2018	
	No. of units	Amount	No. of units	Amount
<b>Investments in Equity Instruments</b>				
<b>Quoted</b>				
Tata Consultancy Services Ltd.	1,168	23,36,467	584	17,26,976
<b>Investment in mutual funds</b>				
<b>Quoted</b>				
Aditya Birla Sun Life Equity fund	14,941	1,09,16,201	10,666	73,42,123
Aditya Birla Sunlife Banking & Financial Services Fund	1,60,338	47,25,150	1,60,338	42,23,293
Aditya Birla Sun Life Frontline Equity Fund	26,079	59,12,679	20,483	42,85,760



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of units	Amount	No. of units	Amount
Axis Midcap Fund	1,04,235	37,96,251		
Axis Focus 25 Fund			1,40,845	35,42,254
DSP Blackrock Opportunities Fund	9,431	21,04,829	9,431	19,95,108
Franklin India Focused Equity Fund	93,112	38,60,567	63,901	24,09,106
HDFC Equity Fund	2,300	15,67,088	2,300	13,60,876
HDFC Top 100 Fund	43,834	21,45,624	39,153	18,57,281
ICICI Prudential Multi Asset Fund	18,676	50,04,708	14,350	36,18,001
ICICI Prudential Floating Interest Fund	49,660	1,38,15,129	49,660	1,29,24,564
IDFC Infrastructure Fund	2,03,726	31,08,857	86,725	15,38,304
IDFC Multi Cap Fund (Formerly IDFC Premier Equity Fund)	24,342	22,84,698	16,460	14,85,687
Kotak Standard Multicap Fund (Formerly Kotak Select Focus Fund)	1,73,150	61,43,003	1,36,939	43,56,985
L&T Emerging Business Fund	1,92,708	48,26,561	1,21,334	32,51,259
L&T India Value Fund	97,071	35,07,649	62,918	22,62,076
Motilal Oswal Most Focused Multicap Fund - Gr	43,413	11,27,661	3,987	1,04,885
SBI Bluechip Fund	42,527	16,67,314	13,160	4,89,833
SBI Magnum Multicap Fund	45,521	22,15,404	45,521	20,91,978
Sundaram Rural India Fund Gr	1,38,959	58,33,354	95,187	39,08,640
<b>Total</b>		<b>8,68,99,194</b>		<b>6,47,74,989</b>

### Details of quoted investments

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
	Book Value	7,22,17,689
Market Value	8,68,99,194	6,47,74,989

## 9. TRADE RECEIVABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
	Unsecured considered good	33,12,39,179
Unsecured considered doubtful	1,70,340	56,260
	<b>33,14,09,519</b>	<b>27,67,28,850</b>
Less: Allowance for doubtful debts	(1,70,340)	(56,260)
<b>Total Receivables</b>	<b>33,12,39,179</b>	<b>27,66,72,590</b>
Current	33,12,39,179	27,66,72,590
Non-current	-	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 10. CASH AND CASH EQUIVALENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash and cash equivalents		
- Cash on hand	4,42,833	12,69,534
- Balances with banks	74,46,435	1,35,93,628
<b>Total</b>	<b>78,89,268</b>	<b>1,48,63,162</b>

### 11. BANK BALANCES OTHER THAN ABOVE

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Fixed deposits with bank	2,34,94,635	2,23,36,370
<b>Total</b>	<b>2,34,94,635</b>	<b>2,23,36,370</b>

(i) Deposits of ₹ 83,31,743 (previous year ₹ 58,33,598) with maturity of more than 12 months

### 12. OTHER CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Unsecured, considered good</b>		
Advance to vendors	50,72,997	10,21,337
Others	1,38,15,968	85,02,509
<b>Total</b>	<b>1,88,88,965</b>	<b>95,23,846</b>

### 13. OTHER CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Interest accrued on FDR</b>	10,00,958	8,22,103
Prepaid expenses	1,10,09,790	34,30,259
Advances to employees	8,82,490	8,82,035
Others	4,65,27,856	-
<b>Total</b>	<b>5,94,21,094</b>	<b>51,34,397</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 14. SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
At the beginning of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
<b>Issued share capital</b>				
At the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120

- a) 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. Dividend, if any, 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.
- b) Details of Share holder holding more than 5% shares in the Company :

(All amounts are in ₹ unless stated otherwise)

Name of the shareholder	As at 31st March, 2019		As at 31st March, 2018	
	Number	% Holding	Number	% Holding
<b>Equity shares</b>				
Rahul J Nachane	10,83,450	17.54%	10,83,450	17.54%
Rajesh N Lawande	11,43,811	18.51%	11,43,811	18.51%
Sunita Sandip Potdar	8,92,957	14.45%	8,92,957	14.45%
Ajita Rahul Nachane	7,13,449	11.55%	7,13,449	11.55%
PCI Fermone Chemicals (I) Pvt. Ltd.	5,18,971	8.40%	5,18,971	8.40%

- c) Reconciliation of the number of equity shares and share capital:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issued during the year	-	-	-	-
<b>Outstanding 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>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 15. RESERVES AND SURPLUS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Capital reserve</b>		
Balance at the beginning of the year	1,50,00,000	1,50,00,000
Add: Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>1,50,00,000</b>	<b>1,50,00,000</b>
<b>Securities premium</b>		
Balance at the beginning of the year	11,73,981	11,73,981
Add: Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>11,73,981</b>	<b>11,73,981</b>
<b>General reserve</b>		
Balance at the beginning of the year	19,23,714	19,23,714
Add: Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>19,23,714</b>	<b>19,23,714</b>
<b>Amalgamation Reserve Account</b>		
Balance at the beginning of the year	40,04,968	40,04,968
Less: Transferred to General Reserve	-	-
<b>Balance at the end of the year</b>	<b>40,04,968</b>	<b>40,04,968</b>
<b>Retained earnings</b>		
Opening Balance	66,74,25,616	54,11,05,871
Add: Profit for the year	20,08,12,009	12,63,19,745
<b>Closing Balance</b>	<b>86,82,37,625</b>	<b>66,74,25,616</b>
<b>Total</b>	<b>89,03,40,288</b>	<b>68,95,28,279</b>

#### Notes:

Capital Reserve: It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transaction in earlier years.

Share Premium: This is the difference between the face value of the equity shares and the consideration received in respect of shares issued

General Reserve: The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act, 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

Amalgamation Reserve was created when certain statutory reserves needed to be maintained by the transferee company during the scheme of amalgamation, which were previously maintained in the books of transferor company.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 16. NON CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Secured</b>		
Term loans from banks:		
Term Loans from HDFC Bank	7,86,90,537	12,02,73,408
Vehicle Loan from HDFC Bank	1,24,479	8,30,099
Vehicle Loan from Axis Bank	12,52,507	24,97,058
<b>Total</b>	<b>8,00,67,523</b>	<b>12,36,00,565</b>

#### Terms and conditions of loans

- One term loan from HDFC Bank is @ 10.25% and one term loan is at @ 9.60% interest per annum and repayment to be made in 60 monthly instalments, secured by exclusive mortgage & charge on all of the Company's assets including moveable & immovable property, hypothecation of inventories and book debts and guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the Company.
- For Vehicle Loans
  - HDFC Bank loan is at 9.98% interest per annum and repayable in 60 instalments and secured by hypothecation of the vehicle
  - Axis Bank loan is at 8.55% interest per annum and repayable in 48 instalments and secured by hypothecation of the vehicle

### 17. PROVISIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-current</b>		
Leave Encashment	1,05,89,003	1,05,82,040
Gratuity	34,26,986	43,03,913
	<b>1,40,15,989</b>	<b>1,48,85,953</b>
<b>Current</b>		
Leave Encashment	12,95,992	9,93,629
Gratuity	17,44,820	14,35,534
	<b>30,40,812</b>	<b>24,29,163</b>
<b>Total</b>	<b>1,70,56,801</b>	<b>1,73,15,116</b>

### 18. DEFERRED TAX LIABILITIES (NET)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Opening balance as at April 1</b>	2,83,22,531	79,66,563
Tax (Income)/Expense during the period recognised in:		
(i) Statement of Profit and Loss in Profit or Loss section	(57,90,725)	2,02,05,640
(ii) Statement of Profit and Loss under OCI Section	(1,87,427)	1,50,328
(iii) Retained earnings		-
<b>Closing balance as at March 31</b>	<b>2,23,44,379</b>	<b>2,83,22,531</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 19. OTHER NON CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Lease equalisation reserve	25,69,198	12,32,867
<b>Total</b>	<b>25,69,198</b>	<b>12,32,867</b>

### 20. CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Secured</b>		
From banks for working capital	15,30,98,715	11,26,45,903
<b>Total</b>	<b>15,30,98,715</b>	<b>11,26,45,903</b>

- (a) Working capital loans are guaranteed by Mr. Rahul Nachane, Managing Director and Mr. Rajesh Lawande, Executive Director
- (b) Working capital loans comprise of loans repayable on demand in the form of cash credit, pre shipment finance and post shipment finance. These are secured by hypothecation of inventories, trade receivables and book debts. Interest payable on these loans is MCLR + 0.9% p.a.

### 21. TRADE PAYABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Current</b>		
Trade payables		
Acceptances	67,21,099	99,84,833
Other than Acceptances	15,44,31,737	22,53,62,002
<b>Total</b>	<b>16,11,52,836</b>	<b>23,53,46,835</b>

Notes

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Of the above, payables to Micro and Small Enterprises	43,67,484	88,271

This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the auditors.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Principal amount due and remaining unpaid	43,67,484	88,271
Interest due on the above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed date during the year	44,705	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	620	-
Amount of further interest remaining due and payable in succeeding year	-	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 22. OTHER FINANCIAL LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Current</b>		
Current Maturities of Long Term Debt	3,84,54,307	3,04,26,482
Payables for Capital Purchases	1,76,16,004	2,31,33,592
<b>Total</b>	<b>5,60,70,311</b>	<b>5,35,60,074</b>

Note: Current Maturities of Long Term debt comprise of secured borrowing listed in Note 16.

### 23. CURRENT TAX LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance	4,58,490	19,35,980
Add: Current tax payable for the year	7,80,00,000	3,81,00,000
Less: Taxes paid	(7,01,54,720)	(3,95,77,490)
<b>Total</b>	<b>83,03,770</b>	<b>4,58,490</b>

### 24. OTHER CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Interest payable	12,191	7,957
<b>Total</b>	<b>12,191</b>	<b>7,957</b>

### 25. REVENUE FROM OPERATIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (including excise duty)	1,50,77,53,227	1,12,95,60,868
Other operating revenue	2,39,89,942	2,72,20,029
<b>Total revenue from operations</b>	<b>1,53,17,43,169</b>	<b>1,15,67,80,897</b>

Note: Other operating revenues comprise of duty drawback and other export incentives

### 26. OTHER INCOME

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income	15,40,278	17,69,954
Dividend income		
- from current investments	2,46,291	2,37,355
Other non-operating income (net of expenses directly attributable to such income)	77,96,361	73,05,130
Net gain/(loss) on sale or fair valuation of investments	49,56,752	46,90,524
Gain on exchange fluctuations	2,66,55,658	1,17,11,558
<b>Total</b>	<b>4,11,95,340</b>	<b>2,57,14,521</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 27. COST OF MATERIALS CONSUMED

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Raw materials at the beginning of the year	4,27,12,031	3,79,03,728
Add: Purchases	64,37,63,006	50,86,15,343
Less: Raw material at the end of the year	(4,74,43,143)	(4,27,12,031)
<b>Total cost of raw materials consumed</b>	<b>63,90,31,894</b>	<b>50,38,07,040</b>

Note: There is no single item with a value exceeding 10% of the material consumption

### 28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Inventories at the end of the year:		
Finished goods	3,03,88,328	3,38,63,468
Work-in-progress	10,56,21,045	8,94,81,200
	<b>13,60,09,373</b>	<b>12,33,44,668</b>
Inventories at the beginning of the year:		
Finished goods	3,38,63,468	1,75,51,828
Work-in-progress	8,94,81,200	6,06,54,945
	<b>12,33,44,668</b>	<b>7,82,06,773</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>(1,26,64,705)</b>	<b>(4,51,37,895)</b>

### 29. EMPLOYEE BENEFITS EXPENSE

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries and wages	19,78,61,894	17,05,00,798
Contribution to provident fund and other funds	84,53,891	88,67,262
Staff welfare expense	53,33,268	43,49,241
<b>Total</b>	<b>21,16,49,053</b>	<b>18,37,17,301</b>

#### Disclosure pursuant to Ind AS 19 - "Employee Benefits"

(i) Defined contribution plans: Note 2.17

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Contribution to provident fund	57,59,748	52,97,325



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(ii) Defined benefit plans: Note 2.17

### Gratuity Plan

(a) Funded status of the plan

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
A) Present value of defined benefit obligation		
- Wholly funded	1,45,36,666	1,16,74,098
- Wholly unfunded	-	-
	<b>1,45,36,666</b>	<b>1,16,74,098</b>
Less: Fair value of plan assets	-93,64,860	-59,34,651
Amount to be recognised as liability or (asset)	<b>51,71,806</b>	<b>57,39,447</b>
B) Amounts reflected in Balance Sheet		
Liabilities	51,71,806	57,39,447
Assets	-	-
Net liability/(asset)	<b>51,71,806</b>	<b>57,39,447</b>
Net liability/(asset) - current	17,44,820	14,35,534
Net liability/(asset) - non current	34,26,986	43,03,913

(b) The amount recognised in the Statement of Profit and Loss are as follows

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
1. Current service cost	14,35,534	13,61,928
2. Past service cost and loss/(gain) on curtailments and settlements	-	8,52,228
3. Interest cost	3,81,647	2,73,095
<b>Total charge to Profit &amp; Loss</b>	<b>18,17,181</b>	<b>24,87,251</b>

(c) The amount recognised in Other Comprehensive Income

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Components of actuarial gain/(losses) on obligations		
Due to change in financial assumptions	-	-4,97,230
Due to change in demographic assumptions	-	-
Due to experience adjustments	6,54,559	-13,10,134
Return on plan assets excluding amount included in interest income	-10,924	12,67,005
Amount recognised in Other Comprehensive Income	6,43,635	-5,40,359



## NOTES

### FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(d) Reconciliation of defined benefit obligation

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening defined benefit obligation	1,16,74,098	1,15,08,546
Transfer in/(out) obligation	-	-
Current service cost	14,35,534	13,61,928
Interest cost	8,60,801	7,50,157
Actuarial loss/(gain) due to change in financial assumptions	-	-4,97,230
Actuarial loss/(gain) due to change in demographic assumptions	-	-
Actuarial loss/(gain) due to experience adjustments	6,54,559	-13,10,134
Past service cost	-	8,52,228
Loss/(gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-88,326	-9,91,397
<b>Closing defined benefit obligation</b>	<b>1,45,36,666</b>	<b>1,16,74,098</b>

(e) Reconciliation of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening value of plan assets	59,34,651	69,81,182
Transfer in/(out) of plan assets	-	-
Interest income	4,79,154	4,77,062
Return on plan assets excluding amount included in interest income	10,924	-12,67,005
Assets distributed on settlements	-	-
Contributions by employer	17,36,052	7,34,809

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-88,326	-9,91,397
Adjustment to the opening fund	12,92,405	-
Closing balance of plan assets	93,64,860	59,34,651

(f) Reconciliation of net defined benefit liability

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Net opening provision in books of account	57,39,447	45,27,364
Transfer in/(out) obligation	-12,92,405	-
Transfer in/(out) plan assets	-	-
Employee benefit expense (from (b) above)	18,17,181	24,87,251
Amounts recognised in other comprehensive income (from (c) above)	6,43,635	-5,40,359
	<b>69,07,858</b>	<b>64,74,256</b>
Contribution to plan assets	-17,36,052	-7,34,809
Closing provision in books of accounts	<b>51,71,806</b>	<b>57,39,447</b>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(g) Composition of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at	
	31st March, 2019	31st March, 2018
Policy of insurance	100%	100%

(h) Principal actuarial assumptions

(All amounts are in ₹ unless stated otherwise)

Particulars	As at	
	31st March, 2019	31st March, 2018
Discount rate	7.60%	7.60%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages
Rate of return on plan assets	7.60% p.a.	7.60% p.a.

(i) Expected cash flows based on past service liability

(All amounts are in ₹ unless stated otherwise)

	As at		As at	
	31st March, 2019		31st March, 2018	
	Rupees	%	Rupees	%
2017	13,17,691	4.20%	6,95,530	2.70%
2018	8,16,048	2.60%	11,20,019	4.40%
2019	23,73,049	7.50%	7,27,986	2.90%
2020	18,95,489	6.00%	21,51,793	8.50%
2021	12,89,915	4.10%	17,90,473	7.10%
2022-2026	48,72,423	15.50%	39,61,524	15.70%

(j) Sensitivity analysis of key assumptions

(All amounts are in ₹ unless stated otherwise)

	As at		As at	
	31st March, 2019		31st March, 2018	
	DBO	Change in DBO %	DBO	Change in DBO %
Discount rate varied by 0.5%				
+ 0.5%	1,39,64,208	-3.94%	1,12,10,978	-3.97%
- 0.5%	1,51,51,780	4.23%	1,21,71,328	4.26%
Salary growth rate varied by 0.5%				
+ 0.5%	1,51,18,072	4.00%	1,21,53,351	4.11%
- 0.5%	1,39,78,207	-3.84%	1,12,16,309	-3.92%
Withdrawal rate (WR) varied by 10%				
WR x 110%	1,45,00,941	0.44%	1,17,24,692	0.43%
WR x 90%	1,44,66,813	-0.48%	1,16,19,288	-0.47%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### (iii) Short term benefits (leave encashment)

The Company has provided for accumulated compensation absences (leave encashment) as per Ind AS 19 "Employee Benefits". The provision is made on the basis of actuarial evaluation carried out. The current years provision is charged under Salaries and Wages as given below. This liability is not funded.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Salaries - leave encashment	31,95,791	46,89,437

### 30. OTHER EXPENSES

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Power and Fuel	8,70,84,016	5,86,66,155
Consumable Stores	1,43,32,753	1,01,86,291
Packing Materials	1,38,62,025	1,78,31,185
Processing Charges	1,82,07,608	1,54,69,976
Factory Expenses	1,33,51,963	1,01,82,859
Water Charges	30,73,037	18,72,441
Repairs to		
Plant & Machinery	5,04,00,778	4,06,81,714
Factory Buildings	89,20,472	51,38,778
Other Assets	10,26,782	21,19,986
Insurance	52,39,755	45,30,838
Laboratory Expenses	1,19,74,639	1,65,59,820
Payment to Auditors (See note below)	14,46,922	13,97,000
Postage & Telephone Expenses	22,46,483	22,53,390
Legal and Professional Fees	1,68,53,024	1,00,86,476
Bank Charges and Commission	26,11,970	21,12,523
Rent, Rates and Taxes	1,48,76,626	1,07,40,759
Printing & Stationery	37,13,404	38,35,073
Vehicle Expenses	19,35,386	18,26,715
Advertisement & Business Promotion	32,93,183	1,08,00,225
Commission on Sales	86,08,435	45,82,573
Travelling Expenses	89,00,408	80,61,449
Freight, Coolie & Cartage	3,19,20,087	2,61,70,570
Loss of Capital Goods by Fire	3,50,48,223	-
Miscellaneous Expenses	1,44,56,137	1,56,25,051
<b>Total</b>	<b>37,33,84,116</b>	<b>28,07,31,847</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(a) Details about payment to auditors

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(i) Payment to statutory auditors (net of service tax/GST input)		
As auditors - statutory audit & tax audit	8,10,000	6,25,000
As auditors - other services	2,15,000	75,000
<b>sub total (i)</b>	<b>10,25,000</b>	<b>7,00,000</b>
(ii) Payment to internal auditors and cost auditors (net of service tax/GST input)		
Internal Audit Fees	3,71,922	3,60,000
Cost Audit Fees	50,000	3,37,000
sub total (ii)	<b>4,21,922</b>	<b>6,97,000</b>
<b>Total (I + ii)</b>	<b>14,46,922</b>	<b>13,97,000</b>

### 31. FINANCE COSTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest expense on:		
-Long term borrowings	1,35,83,622	73,64,241
-Short term borrowings	92,87,169	81,85,695
<b>Total</b>	<b>2,28,70,791</b>	<b>1,55,49,936</b>

### 32. CONTINGENT LIABILITY

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Disputed direct tax		
Total demand from the Income Tax Department amounts to ₹ 9,48,364 (previous year ₹ 33,24,850) of which the Company has paid ₹ NIL (previous year ₹ 58,11,763) under protest. The Company is yet to file appeal against the demand received in the current year.	-	33,24,850

### 33. COMMITMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	2,24,35,578	1,77,72,116
(ii) Other commitments (specify nature)		
Guarantees issued by banks on behalf of the Company	11,40,101	3,00,000
Letters of credit established for which goods are yet to be received and provided for	83,00,400	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 34. 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
- (i) Associates Companies/Firms in which Directors or their relatives are interested  
Nupur Remedies Private Limited
- (ii) Key management personnel and their relatives with whom the Company has transacted

Name	Designation	Relatives
Rahul Nachane	Managing Director	Ajita Nachane
Rajesh Lawande	Executive Director	Ajita Nachane
Ajita Nachane	Non Independent Director	Rahul Nachane

- (b) Nature of transaction

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Amount (₹)	Amount (₹)
<b>(i) Expenses</b>		
<b>Rent</b>		
Nupur Remedies Private Limited	40,50,000	22,50,000
Rahul Nachane	29,29,514	27,25,125
Rajesh Lawande	29,29,514	27,25,125
<b>Laboratory Contract Charges</b>		
Nupur Remedies Private Limited	-	49,50,000
<b>Managerial Remuneration</b>		
Rahul Nachane	85,65,600	85,65,600
Rajesh Lawande	84,21,600	84,21,600
<b>Commission on profits</b>		
Rahul Nachane	71,18,135	45,25,000
Rajesh Lawande	71,18,135	45,25,000
<b>Legal &amp; Professional Fee</b>		
Nupur Remedies Private Limited	66,00,000	16,50,000
<b>Director's Sitting Fee</b>		
Ajita Nachane	1,44,500	93,750
<b>Leave Encashment</b>		
Rajesh Lawande	19,95,000	-
<b>(ii) Deposits</b>		
Nupur Remedies Private Limited	3,50,000	3,50,000
Rahul Nachane - Office Deposit	20,00,000	20,00,000
Rajesh Lawande - Office Deposit	20,00,000	20,00,000
<b>(iii) Outstanding balances</b>	<b>Payables</b>	<b>Payables</b>
Nupur Remedies Private Limited	-	-
Rahul Nachane - Office Deposit	-	41,604
Rajesh Lawande - Office Deposit	-	41,604

Note: In the case of present key managerial personnel, remuneration does not include gratuity and leave encashment benefits which are determined for the Company as a whole.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 35. LOSS BY FIRE

In June 2018, there was a fire in the new plant at Tarapur. Due to the fire, there was substantial loss of machinery and equipment. Also the plant could not be used for a few months while the assets were being reinstated. The profit for the year is lower by ₹ 350.48 lakhs on account of loss by fire (previous year - NIL). Preliminary insurance claim has been filed and final claim will be filed shortly. The insurance claim receivable is included in other current loans and assets amounting to ₹ 455 lakhs (previous year - NIL)

### 36. FAIR VALUES

Fair value measurement includes both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The carrying values of the long-term financial instruments approximates the fair values as the management has considered the fair value measurement techniques using the observable data i.e. the discounting rate which was similar as to rates, tenure and the credit rating of the other instruments of the Company. The management has also considered the effect of time value of money with respect to other long term financial instruments at applicable rates.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust risk management policy to identify, evaluate business risks and opportunities. This policy seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage.

#### Carrying amount of financial assets and liabilities:

The following table summaries the carrying amount of financial assets and liabilities recorded at the end of the year by categories:

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Financial assets</b>		
Investments	8,68,99,194	6,47,74,989
Cash and cash equivalents	78,89,268	1,48,63,160
Bank balances other than above	2,34,94,635	2,23,36,370
Trade receivables	33,12,39,179	27,66,72,590
Other financial assets	1,88,88,965	95,23,846
<b>At end of the year</b>	<b>46,84,11,241</b>	<b>38,81,70,955</b>

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Financial liabilities</b>		
Borrowings	15,30,98,715	11,26,45,903
Trade payables	16,11,52,836	23,53,46,835
Other current financial liabilities	5,60,70,311	5,35,60,074
<b>At end of the year</b>	<b>37,03,21,862</b>	<b>40,15,52,812</b>

The sensitivity analysis in the preceding sections relate to the position as at 31st March, 2019 and 31st March, 2018

The following assumption have been made in calculating the sensitivity analysis:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

The sensitivity of the relevant profit or loss items is the effect of the assumed changes in respective market risks.

### 38. CREDIT RISK

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

#### Investments

The Company limits its exposure to credit risk by investing in liquid securities which primarily include mutual fund units. The Company does not expect any losses from non-performance of these securities and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

#### Trade receivables

Trade receivables are typically unsecured and derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain, however this is modified if in the past experience of the Company, there is likely mitigation of the credit risk.

#### Ageing of trade receivable

(All amounts are in ₹ unless stated otherwise)

Particulars	Days			Total
	0-180	180-365	Above 365	
As on 31st March, 2019	33,03,77,873	4,44,146	5,87,500	33,14,09,519
As on 31st March, 2018	27,26,04,413	33,10,729	8,13,708	27,67,28,850

### 39. MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

### 40. FOREIGN CURRENCY RISK

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. The Company's foreign currency exposure arises mainly from foreign exchange imports and exports, primarily with respect to USD.

(All amounts are in ₹ unless stated otherwise)

	As at 31st March, 2019		As at 31st March, 2018	
	USD	INR	USD	INR
<b>Payables</b>				
Advances from customers	58,585	41,30,454	85,559	55,51,351
Trade Payables	97,166	67,21,099	3,29,778	2,14,50,113
<b>Receivables</b>				
Trade Receivables	33,37,512	23,10,05,496	26,53,801	17,26,14,098





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts are in ₹ unless stated otherwise)

	As at 31st March, 2019		As at 31st March, 2017	
	Euro	INR	Euro	INR
<b>Payables</b>				
Advances from customers	-	-	13,650	10,95,276

Following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of USD against INR.

(All amounts are in ₹ unless stated otherwise)

	As at 31st March, 2019		As at 31st March, 2018	
	USD	INR	USD	INR
<b>Net foreign currency assets USD</b>	31,81,761	22,01,53,943	22,38,464	14,56,12,634
Impact on profit or loss: Income/(Expense)				
USD - Increase by 5%		1,10,07,697		72,80,632
USD - Decrease by 5%		-1,10,07,697		-72,80,632
<b>Net foreign currency liabilities Euro</b>	-	-	13,650	10,95,276
Impact on profit or loss: Income/(Expense)				
Euro - Increase by 5%		-		-54,764
Euro - Decrease by 5%		-		54,764
Net Impact - increase by 5%		1,10,07,697		72,25,868
Net Impact - decrease by 5%		-1,10,07,697		-72,25,868

### 41. INTEREST RATE RISK

Company's interest rate risk arises from borrowings. The long term borrowings are at fixed interest rate while the short term borrowing are at floating interest rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
	<b>Fixed rate instruments</b>	
Financial Assets	2,34,94,635	2,23,36,370
Financial liabilities	11,85,21,830	15,40,27,047
<b>Variable rate instruments</b>		
Financial Assets	8,68,99,194	6,47,74,989
Financial liabilities	15,30,98,715	11,26,45,903

### Interest rate sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's debt obligations with floating interest rates.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
	Long term variable interest rate borrowings	11,85,21,830
Short term variable interest rate borrowings	15,30,98,715	11,26,45,903
	<b>27,16,20,545</b>	<b>26,66,72,950</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant:

(All amounts are in ₹ unless stated otherwise)

Year ended	Increase/ (decrease) in basis points	Effect on profit before tax increase/ (decrease)
<b>31st March, 2019</b>	100	(27,16,205)
	(100)	27,16,205
31st March, 2018	100	(26,66,730)
	(100)	26,66,730

### 42. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group manages the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group invests its surplus funds in bank fixed deposits and liquid schemes of mutual funds which carry limited mark to market risks. The Company also invests in equity schemes of mutual funds which carry liquidity and rate return risks.

Particulars	On demand	Upto 1 year	1 to 5 years	More than 5 years	Total
	₹	₹	₹	₹	₹
<b>Year ended 31st March, 2019</b>					
Trade payables	-	16,11,52,836	-	-	16,11,52,836
Other financial liabilities	-	5,60,70,311	-	-	5,60,70,311
	-	<b>21,72,23,147</b>	-	-	<b>21,72,23,147</b>
<b>Year ended 31st March, 2018</b>					
Trade payables	-	23,53,46,835	-	-	23,53,46,835
Other financial liabilities	-	5,35,60,074	-	-	5,35,60,074
	-	<b>28,89,06,909</b>	-	-	<b>28,89,06,909</b>

At present, the Company expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

### 43. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the value of shareholder.

The Company monitors capital using Capital Gearing Ratio, which is net debt divided by total capital plus net debt. Net debt includes loans and borrowings, trade and other payables, less cash and cash equivalents.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Loans and borrowings	23,31,66,238	23,62,46,468
Trade payables	16,11,52,836	23,53,46,835
Other payables	6,74,27,084	5,64,55,684
Less: Cash and cash equivalents	(3,13,83,903)	(3,71,99,532)
<b>Net debt (A)</b>	<b>43,03,62,255</b>	<b>51,31,85,827</b>
Equity	92,12,30,408	72,04,18,396
<b>Capital and net debt (B)</b>	<b>92,12,30,408</b>	<b>72,04,18,396</b>
<b>Capital gearing ratio (A/B)</b>	<b>0.47</b>	<b>0.71</b>

To achieve the overall objective, the Company's capital management aims to ensure that it meets the financial covenants attached to loans and borrowings. Breaches in meeting the covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowings in the current year.

#### 44. INCOME TAX

The major components of income tax expense for the years are:

##### Income statement

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Current income tax:</b>		
Current income tax charge	(7,80,00,000)	(3,81,00,000)
Less: MAT credit	-	57,00,000
Adjustments in respect of current income tax of previous year	(21,87,885)	5,07,680
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	57,90,725	(2,02,05,640)
Relating to origination and reversal of temporary differences through OCI	1,87,427	(1,50,328)
<b>Income tax expense reported in the income statement</b>	<b>(7,42,09,733)</b>	<b>(5,22,48,288)</b>

The income tax expense for the year can be reconciled to the accounting profits as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Profit before tax	27,56,65,377	17,80,27,673
Income tax expense calculated at 29.12%	(8,02,73,758)	(5,88,61,290)
Effect of income tax that is exempt from taxation	85,665	23,83,349
Effect of expenses that are not deductible in determining taxable profits	(59,78,360)	(42,29,652)
<b>Total tax expense</b>	<b>(7,42,09,733)</b>	<b>(5,22,48,288)</b>

The tax rate used for the reconciliations above is the corporate tax rate of 29.12% payable by corporate entities in India on taxable profits under tax law in the Indian jurisdiction.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 45. ADDITIONAL INFORMATION

#### (a) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding at the end of the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding at the end the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computation:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Profit after tax as per accounts	20,12,68,217	12,59,29,713
Weighted average number of equity shares for basic EPS*	61,78,024	61,78,024
Weighted average number of equity shares adjusted for the effect of dilution*	61,78,024	61,78,024
Face value per share	5	5
Basic earning per share	32.58	20.38
Diluted earning per share	32.58	20.38

\* There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of the financial statements.

(All amounts are in ₹ unless stated otherwise)

	As at 31st March, 2019	As at 31st March, 2018
<b>(b) Value of imports calculated on CIF basis:</b>		
Raw materials	10,48,75,783	7,96,25,096
Capital goods	51,06,208	41,87,640
<b>Total</b>	<b>10,99,81,991</b>	<b>8,38,12,736</b>
<b>(c) Expenditure in foreign currency:</b>		
Professional and consultation fees	-	-
Other matters	1,49,71,293	1,48,21,989
<b>Total</b>	<b>1,49,71,293</b>	<b>1,48,21,989</b>
<b>(d) Details of consumption of imported and indigenous items</b>		
(i) Raw materials Consumed		
Indigenous	81.8% 52,28,57,802	83.0% 41,81,77,719
Imported	18.2% 11,61,74,092	17.0% 8,56,29,321
<b>Total</b>	<b>100.0% 63,90,31,894</b>	<b>100.0% 50,38,07,040</b>
(ii) Stores and spares Consumed		
Indigenous	100.0% 1,43,32,753	100.0% 1,01,86,291
Imported	0.0% -	0.0% -
<b>Total</b>	<b>100.0% 1,43,32,753</b>	<b>100.0% 1,01,86,291</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts are in ₹ unless stated otherwise)

	As at 31st March, 2019	As at 31st March, 2018
<b>(e) Earnings in foreign exchange :</b>		
Export of goods calculated on FOB basis	1,17,81,18,514	85,66,30,654
Other (Insurance & Freight)	1,58,90,218	1,30,47,005
<b>(f) Operating Lease</b>		
The Company's significant leasing arrangements are in respect of office and laboratory in Mumbai and warehouses at Tarapur and Navi Mumbai. The leasing arrangements are usually renewed by consent on an agreeable basis. The aggregate lease rentals payable is charged as "Rent" under Other Expenses.		
Future minimum rentals (excluding taxes) payable under operating leases are as follows:		
Within one year	1,11,15,728	1,20,59,313
Later than one year but not later than five years	1,44,21,445	2,55,37,173
Later than five years	-	-
Rental expense relating to operating lease:		
Minimum lease payments	1,24,30,656	88,19,100
<b>Total rental expense relating to operating lease</b>	<b>1,24,30,656</b>	<b>88,19,100</b>

### 46. SEGMENTAL INFORMATION

As the Company's business activities fall within a single primary business segment namely pharmaceuticals, the disclosure requirements of Ind AS 108 in this regard are not applicable.

### 47. REMEASUREMENT OF SECURITY DEPOSIT

Under IGAAP, interest-free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has recorded these security deposits at fair value under Ind AS. Differences between the fair value and the transaction value of the security deposits have been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 3,93,526 at 31st March, 2019 and decreased by ₹ 5,72,431 as at 31st March, 2018. The prepaid rent increased by ₹ 3,59,020 as at 31st March, 2019. Prepaid rent as on 31st March, 2018 amounted to ₹ 5,32,064. Due to the discounting of security deposits and unwinding of interest income, the profit for the year as at 31st March, 2019 decreased by ₹ 1,75,291

### 48. CLASSIFICATION AND PRESENTATION OF ASSETS AND LIABILITIES

Under IGAAP, the Company was not required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Under Ind AS, the Company is required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Accordingly, the Company has classified and presented the assets and liabilities.

In the opinion of the management, the current assets, loans & advances have been stated at realizable value. Provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 49. SUBSEQUENT EVENTS

- i) The Board of Directors have recommended a dividend of ₹ 1.75 per fully paid up equity share of ₹ 5 each (excluding dividend distribution tax) aggregating to ₹ 130.74 lakhs which includes ₹ 22.62 lakhs Dividend Distribution Tax for the Financial Year 2018-19, which is based on relevant share capital as on 31-03-2019.
- ii) The Company has acquired 100% equity shares of Macrotech Polychem Private Limited on 15th May 2019 for an all inclusive consideration of ₹ 700 lakhs comprising of cost of equity shares and loan given to Macrotech to repay its existing liabilities. Macrotech is engaged in manufacture of pharmaceutical intermediates and the acquisition is made with the intent of increasing the capacity of pharmaceutical intermediates.
- iii) The Company evaluated all events and transactions that occurred after 31st March, 2019 through 24th May, 2019; the date on which the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements other than that mentioned above.

50. The previous years figures have been recast, regrouped and rearranged wherever necessary.

As per our report of even date attached

For **Manek & Associates**  
**Chartered Accountants**

Firm Registration Number: 126679W

Sd/-  
**Shailesh Manek**  
**Proprietor**

Membership Number: 034925

Place: Mumbai  
Date: 24th May, 2019

For and on behalf of the Board of Directors

Sd/-  
**Milind Shinde**  
**Chairman**

DIN: 01593560

Sd/-  
**Pallavi Pednekar**  
**Company Secretary**

ACS: A33498

Place: Mumbai  
Date: 24th May, 2019

Sd/-  
**Rahul Nachane**  
**Managing Director**

DIN: 00223346

Sd/-  
**Jayram Sitaram**  
**Director**

DIN: 00103676

Sd/-  
**Rajesh Lawande**  
**Executive Director & CFO**

DIN: 00327301

Sd/-  
**Ajita Nachane**  
**Director**

DIN: 00279241



**FORM NO SH-13**

**Nomination Form**

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
**NGL Fine-Chem Ltd**  
 301, E Square Subhash Road,  
 Vile Parle (East), Mumbai 400057.

I/We\_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**PARTICULARS OF THE SECURITIES** (in respect of which nomination is being made)

Nature of Securities	Folio No.	No of Securities	Certificate No	Distinctive No

**PARTICULARS OF NOMINEE/S -**

Name : \_\_\_\_\_  
 Date of Birth : \_\_\_\_\_  
 Father's/Mother's/Spouse's name : \_\_\_\_\_  
 Occupation : \_\_\_\_\_  
 Nationality : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Relationship with the security holder : \_\_\_\_\_

**IN CASE NOMINEE IS A MINOR -**

Date of Birth : \_\_\_\_\_  
 Date of attaining majority : \_\_\_\_\_  
 Name of guardian : \_\_\_\_\_  
 Address of guardian : \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Name of the Security Holder (s) : \_\_\_\_\_  
 Signature : \_\_\_\_\_  
 Witness with the name and address : \_\_\_\_\_

**Form No. SH-14**

Cancellation or Variation of Nomination [Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,

**NGL Fine-Chem Ltd**

301, E Square Subhash Road,  
Vile Parle (East), Mumbai 400057.

I/We hereby cancel the nomination(s) made by me/us in favour of \_\_\_\_\_  
\_\_\_\_\_ (name and address of the nominee) in respect of the below mentioned securities

Or

I/We hereby nominate the following person in place of \_\_\_\_\_ as nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my/our death.

**PARTICULARS OF THE SECURITIES** (in respect of which nomination is being made)

Nature of Securities	Folio No.	No of Securities	Certificate No	Distinctive No

**PARTICULARS OF NOMINEE/S**

Name : \_\_\_\_\_ Nationality : \_\_\_\_\_

Date of Birth : \_\_\_\_\_ Address : \_\_\_\_\_

Occupation : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Father's/Mother's/Spouse's name : \_\_\_\_\_ Relationship with the security holder \_\_\_\_\_

**IN CASE NOMINEE IS A MINOR -**

Date of Birth : \_\_\_\_\_ Name of guardian : \_\_\_\_\_

Date of attaining majority : \_\_\_\_\_ Address of guardian : \_\_\_\_\_

Name and address of security holder(s) : \_\_\_\_\_ Signature : \_\_\_\_\_

Name and address of witness \_\_\_\_\_ Signature : \_\_\_\_\_

**Please fill this Nomination form in Duplicate after carefully reading the instruction given below:**

1. The Nomination can be made by individual's only holdings shares singly or jointly. Non- individuals including Society, Trust, Body Corporate, Partnership firm, Karta of Hindu Undivided Family and Power of Attorney holder cannot nominate.
2. The nominee shall not be a Trust, Society, Body Corporate, and Partnership firm, Karta of Hindu Undivided Family and power of attorney holder.
3. The shareholder [s] can nominate a minor as a nominee and in that event the name and address of the guardian shall be provided.
4. As per section 72 of Companies Act 2013, if the shares are held by more than one person jointly, then the joint holders may together nominate a person to whom all the rights in the shares of the Company shall vest, in the event of death of all the joint holders.
5. If the shares are held jointly, subsequent to the death of anyone of the holders, the shares would not be registered in favour of the nominee but would be transferred in the name of the surviving shareholders.
6. The nomination form filled in "duplicate" should be lodged with the Registrar and Share transfer Agent of the Company i.e. M/s. Purva Sharegistry (India) Pvt. Ltd., Shiv Shakti Industrial Estate, Unit No. 9, 7-B, J. R. Boricha Marg, Sitaram Mills Compound, Mumbai 400011. Tel: (022) 23016761 Email: support@purvashare.com. The shareholder[s] can delete or change an earlier nomination by executing Form No. SH-14 (Cancellation or Variation of Nomination form)
7. Nomination stands cancelled whenever the shares in the given folio are transferred/ dematerialised. Also in case of change in folio due to consolidation/ transmission a new nomination has to be filed.
8. The nomination made through Form No. SH-13 will be considered valid if the nomination made by the holder[s] of the shares is registered with the company before the death of the registered holder[s] of the shares.
9. Kindly note that the nomination being a legal document should be dated by the nominator and the witness should certify that the nominator has signed the form in their presence. Furthermore the date of execution on the Nomination Form should match with the date of witness, witnessing the document.


**NGL FINE-CHEM LIMITED**

Regd. Office: 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057.

**Thirty-Eighth Annual General Meeting - 23<sup>rd</sup> August, 2019**
**ATTENDANCE SLIP**

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

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_ DP ID No: \_\_\_\_\_

 I/We hereby record my /our presence at the 38<sup>th</sup> Annual General Meeting of the Company on Friday the 23<sup>rd</sup> August, 2019 at 11.00 a.m.at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, Mumbai 400057.

 \_\_\_\_\_  
 Member's / Proxy's Signature

**Note:**

1. Please complete the above details and sign this attendance slip and hand it over at the attendance verification counter at the meeting hall.
2. Electronic copy of the Annual Report for FY 2018 -2019 and the Notice of 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. Members receiving electronic copy and attending the AGM can print copy of this attendance slip.
3. Physical copy of the Annual Report for 2018 -2019 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: 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057

**ELECTRONIC VOTING PARTICULARS**

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

 Note: Please read instructions given at Note No. 1 to 4 of the Notice of the 38<sup>th</sup> Annual General Meeting Carefully before voting electronically.



## NGL FINE-CHEM LIMITED

Regd. Office: 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057

### Thirty-Eighth Annual General Meeting - 23<sup>rd</sup> August, 2019

#### PROXY FORM

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

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_ DP ID No. : \_\_\_\_\_

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

1. Name : \_\_\_\_\_ Email ID: \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

2. Name : \_\_\_\_\_ Email ID: \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

3. Name : \_\_\_\_\_ Email ID: \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature : \_\_\_\_\_

as per my/our proxy to vote (on a poll) for me/us on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held on Friday, 23<sup>rd</sup> August, 2019 at 11.00 a.m. at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, Mumbai 400057 on and adjournment thereof.

#### Ordinary Business

**1. Ordinary Resolution** for adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**2. Ordinary Resolution** for declaration of Dividend.

**3. Ordinary Resolution** for Appointment of Mr. Rahul Nachane, who is retiring by rotation and being eligible, offers himself for re-appointment.

#### Special Business

**4. Special Resolution** for Re-appointment of Mr. Milind Shinde as the Independent Director of the Company.

**5. Special Resolution** for alteration of Memorandum of Association.

**6. Special Resolution** for **Revision of remuneration of Mr. Rahul Nachane.**

**7. Special Resolution** for **Revision of remuneration of Mr. Rajesh Lawande.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of the Shareholder \_\_\_\_\_ Signature of Proxy \_\_\_\_\_

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Revenue  
Stamp

#### Note:

(i) 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.

(ii) For the resolutions, explanatory statements and notes, please refer to the notice of 38<sup>th</sup> Annual General Meeting.

(iii) It is Optional to put '✓' 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.

(iv) Please complete all details including details of member(s) in the above box before submission.


**NGL FINE-CHEM LIMITED**

Regd. Office: 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057

**Thirty-Eighth Annual General Meeting - 23<sup>rd</sup> August, 2019**
**ASSENT/ DISSENT FORM FOR VOTING ON AGM RESOLUTIONS**

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 dematerialised form)	
4. Number of Shares(s) held:	

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 23<sup>rd</sup> August, 2019, 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
<b>Ordinary Business</b>			
1	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2019.		
2	Ordinary Resolution for declaration of Dividend.		
3	Ordinary Resolution for Appointment of Mr. Rahul Nachane who is retiring by rotation and being eligible offers himself for re-appointment.		
<b>Special Business</b>			
4	<b>Special Resolution</b> for Re-appointment of Mr. Milind Shinde as the Independent Director of the Company.		
5	<b>Special Resolution</b> for alteration of Memorandum of Association.		
6	<b>Special Resolution</b> for <b>Revision of remuneration of Mr. Rahul Nachane</b>		
7	<b>Special Resolution</b> for <b>Revision of remuneration of Mr. Rajesh Lawande</b>		

Place : \_\_\_\_\_

Date : \_\_\_\_\_

 \_\_\_\_\_  
 Signature of the Member or  
 Authorised 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 22<sup>nd</sup> August, 2019 (5.00 pm IST)  
 iii) Please read the instructions printed overleaf carefully before exercising your vote.

## **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 e-voting shall be considered 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 12<sup>th</sup> July, 2019 and voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders as on 16<sup>th</sup> August, 2019.
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 authorised representatives with proof of their authorisation, 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 Scrutiniser, at their cost to reach the Scrutiniser at the registered office of the Company on or before the close of working hours i.e 5.00 pm on 22<sup>nd</sup> August, 2019. 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 authorisation, with the specimen signature(s) of the authorised 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 Scrutiniser 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 Scrutiniser.
9. The Scrutinisers 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.









## NOTES

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