

**NGL FINE-CHEM LIMITED**

(CIN: L24110MH1981PLC025884)



**ANNUAL REPORT**  
**2015 - 2016**



**BOARD OF DIRECTORS**

Rahul J. Nachane	Managing Director
Rajesh N. Lawande	Executive Director
Ajita Nachane	Non-Executive Woman Director
Jayaram Sitaram	Independent Non-Executive Director
Milind V. Shinde	Independent Non-Executive Director

**REGISTERED OFFICE**

301, E Square Subhash Road,  
Vile Parle (East), Mumbai - 400 057.  
Tel: (+91 22) 2663 6450  
Email: info@nglfinechem.com  
Website: 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 - 400 011.  
Tel: 23016761 Email: busicompany@vsnl.com

**STATUTORY AUDITORS**

**Bharat Gandhi & Co**  
*Chartered Accountants*

**INTERNAL AUDITOR**

**R. Devarajan & Co**  
*Chartered Accountants*

**SECRETARIAL AUDITORS**

**HS Associates,**  
*Company Secretaries*

**SHARES LISTED AT**

Bombay Stock Exchange Ltd., Mumbai  
(Listing fees paid for 2016-17)

**35th ANNUAL GENERAL MEETING**

Date : 31st August 2016  
Day : Wednesday  
Time : 11:00 a.m.  
Place : Hotel Parle International,  
B. N. Agarwal Commercial Complex,  
Vile Parle (East), Mumbai - 400 057.

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## NOTICE

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**NOTICE** is hereby given that the Thirty Fifth Annual General Meeting of the Members of NGL Fine-Chem Limited will be held on Wednesday, 31st August 2016 at 11:00 am at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, and Mumbai 400057, to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016, Statement of Profit & Loss & Cash Flow Statement for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Mr. Rajesh Lawande, Executive Director (holding DIN 00327301) who retires by rotation & being eligible offers himself for re-appointment as Director.
3. To ratify appointment of M/s Bharat Gandhi & Co, Chartered Accountants (FRN 101214W) as Statutory Auditors of the Company and to fix their remuneration.

**“RESOLVED THAT** M/s. Bharat Gandhi & Co., Chartered Accountants, Mumbai registered with the Institute of Chartered Accountants of India vide firm registration no 101214W who were appointed as Statutory Auditors of the Company at the Annual General Meeting on 12th September 2014 (hereinafter referred as said AGM) from the conclusion of the said AGM till the conclusion of Thirty Sixth Annual General Meeting to be held in the year 2017, be and is hereby ratified for the financial year 2016-17 to audit the accounts of the Company, including the audit of Cash Flow statement, on a remuneration plus service tax and out of pocket expenses to be mutually decided by the Board in consultation with the Statutory Auditors of the Company.”

### **SPECIAL BUSINESS:**

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

4. Ordinary Resolution for ratification of remuneration payable to M/s. Sanghvi Randeria & Associates, appointed as Cost Auditors of the Company for FY 2016-2017.

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Sanghvi Randeria & Associates, Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2016-17, be paid a remuneration of Rs.1,25,000 per annum plus applicable service tax and out of pocket expenses that may be incurred.

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

5. Special Resolution for Re-appointment of Mr. Rahul Nachane as Managing Director for the term of 3 years

**“RESOLVED THAT** pursuant to provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the

Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as “the said Act”), the consent of the members of the Company is hereby accorded, for re-appointment of Mr. Rahul Nachane (holding DIN 00223346) as Managing Director of the Company with effect from June 1, 2017 for a period of 3 years on the terms and conditions as are set out in the agreement to be entered into between the Company and Mr. Rahul Nachane with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the Remuneration and Nomination Committee constituted by the Board) to alter and vary the terms of the said re-appointment and/or remuneration and/or agreement.

**RESOLVED FURTHER THAT** Mr. Rahul Nachane shall be entitled receive such amount as remuneration, perquisites, as may be decided by the Board of Directors from time to time within the limits permissible under the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the performance of his duties as Managing Director of the Company.

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

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

### Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) A Person Can Act as Proxy 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.
- 3) Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
- 4) The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith.



- 5) Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
- 6) The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from Wednesday, 24th August 2016 to Wednesday, 31st August 2016 (both days inclusive).
- 7) As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the Meeting.
- 8) In furtherance of Green Initiative in Corporate Governance by Ministry of Corporate Affairs, the Shareholders are requested to register their email id with the Company or with the Registrar and Transfer Agents.
- 9) Members/Proxies are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
- 10) Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidate their holdings in one folio.
- 11) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of Savings Bank Account details to their respective Depository Participants.
- 12) Electronic copy of the Notice of the 35th 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 Participant(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 35th 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.
- 13) Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website **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**.
- 14) 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.
- 15) Members are requested to send all communications relating to shares, bonds and unclaimed dividends, change of 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: busicomp@vsnl.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. (DPs).

16) 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 35th 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 e-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 27th August 2016 During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 24th August 2016 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*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (in Capital) (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN Field.</li><li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li></ul>
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"><li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)</li></ul>

- (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 recommended 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 **160719013** 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 scrutinizer to verify the same.

In case of members receiving the physical copy

- (i) Please follow all steps from sl.no. (i) to sl.no. (xxi) 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 24th August 2016 .

- (F) Mr. Hemant Shetye, Partner of M/s HS Associates, Practicing Company Secretaries (Membership No. FCS 2827) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (G) The Scrutinizer 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 Scrutinizer'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 Scrutinizer's Report shall be placed on the Company's website [www.nglfinechem.com](http://www.nglfinechem.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to 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 Scrutinizer appointed by the Board of Directors of the Company, Mr. Hemant Shetye, Partner of HS Associates, Practicing Company Secretaries, at the Registered office of the Company not later than 30th August 2016 (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 - 400 057.

sd/-

Place: Mumbai  
Date: August 4, 2016.

Rahul Nachane  
Managing Director

## **ANNEXURE TO THE NOTICE**

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

#### **Item No. 4:**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its meeting held on 04th August, 2016, the Board has, considered and approved the appointment of M/s. Sanghvi Randeria & Associates., Cost Accountants as the cost auditor for the financial year 2016-17 at a remuneration of Rs. 1,25,000 per annum plus applicable service tax and reimbursement of out of pocket expenses.

The Board recommends this resolution for approval of the Members.

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

#### **Item No. 5:**

Mr. Rahul Nachane (holding DIN 00223346) the Managing Director of the company whose term expires on 31st May, 2017 is to be re-appointed as Managing Director with effect from 1st June 2017 for a period of three years.

The Board at their meeting held on 04th August 2016 based on recommendation of Nomination & Remuneration Committee approved re-appointment of Mr. Rahul Nachane as Managing Director of the

Company for a period of three (3) years commencing from June 1, 2017 to May 31, 2020. The Board approved terms and condition of appointment including remuneration as approved by Nomination & Remuneration Committee in accordance with the provisions of section 196, 197, 203 Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force subject to approval of the Shareholders at the ensuing Annual General Meeting.

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

#### **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  |
|  |   | 2015-16      Rs. 1786.81 lakhs  |
|  |   | 2014-15      Rs. 1285.91 lakhs  |
|  |   | 2013-14      Rs. 670.93 lakhs   |
| d. Foreign investments or collaboration          | : | Nil   |



## II) Information about appointee

1. Name of Director : Mr. Rahul Nachane
2. Designation : Managing Director
3. Date of Appointment : Re-appointment  
w.e.f. 1<sup>st</sup> June, 2017
4. Period : 3 (Three) years.
5. Salary (P.M.) : Upto Rs. 7,00,000/- p.m. with power to Board to vary from time to time within the limits of Schedule V of the Companies Act, 2013.
6. Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, the remuneration and perquisites payable to Mr. Rahul Nachane shall not exceed the ceiling as laid down of Schedule V of the Companies Act, 2013.
7. Background details : Rahul Nachane is a Chartered Accountant and Master of Management Studies having over 25 years experience in the chemical and pharmaceutical industry.
8. Past remuneration : Rs. 5,16,800 p.m excluding perquisites.
9. Recognition and awards : Nil
10. Job profile and suitability : The job profile of the Managing Director is for development of the business, plan and implement projects, manage operations, plan and control the sales, manufacturing functions and oversee overall management of the company. Mr. Rahul Nachane has the experience and qualifications for performing as per the profile required.
11. Comparative remunerative profile in the industry : The salary proposed is comparable in the industry
12. Pecuniary relationship with the company : Rahul Nachane holds 10,83,450 equity shares which are 17.54% of the total paid up equity shares and his wife holds 7,13,449 equity shares which are 11.55% of the total paid up equity shares.

## III) Other information

1. Reasons for inadequacy of profits : The profits as calculated under the managerial remuneration to directors under the Companies Act

2013 are inadequate for payment of remuneration. The scale and activity of the company's operations are growing. With a view to adequately compensate the directors as per current industry standards, the remuneration is being revised.

2. Steps to be taken for improving : The company's operations are growing at over 10% each year. The profits in future will be adequate to cover the remuneration.
3. Expected increase in profits and productivity : Over the past three years, the company's profit before tax have increased from Rs. 670.93 lakhs in 2013-14 to Rs. 1786.81 lakhs in 2015-16. During the current year an increase of 20% in profits is anticipated.

## IV) Perquisites:

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

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

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



- VI).** The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- VII).** The Managing Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- VIII).** The terms and conditions of the said re-appointment may be altered and/or varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendment hereafter in that regard.

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

The Board of Directors are of the opinion that the re-appointment on 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. 5 for approval of the members.

Other than Mr. Rahul Nachane being the appointee and 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. 5.

By Order of the Board

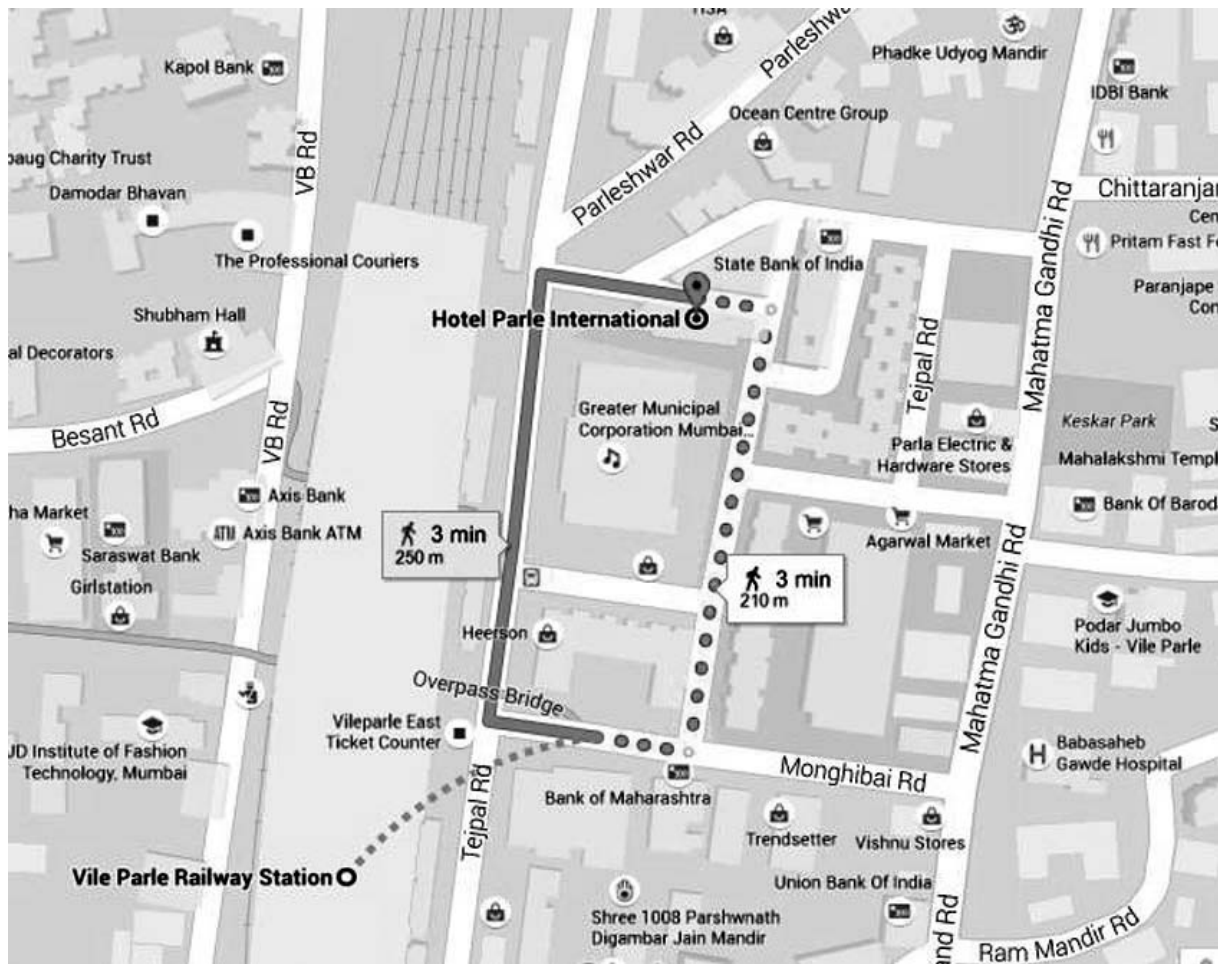
Registered Office  
301, E Square Subhash Road,  
Vile Parle (East), Mumbai - 400 057.

sd/-

Place: Mumbai  
Date: August 4, 2016.

Rahul Nachane  
Managing Director

#### ROUTE MAP OF ANNUAL GENERAL MEETING



Landmark: Near State Bank of India

Distance from Vile Parle Railway Station: 250 meters





## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty Fifth Annual Report with the Audited Balance Sheet, Statement of Profit & Loss, Cash Flow Statement and the notes and schedules thereon for the year ended 31st March 2016.

### 1. OPERATING RESULTS

The operating results of the Company for the year ended 31st March 2016 are as follows:

	Year ended on 31.03.2016 Rupees	Year ended on 31.03.2015 Rupees
Profit before Depreciation	20,59,05,146	15,45,58,776
Less: Depreciation	(2,72,23,947)	(2,59,67,831)
Net Profit before Tax	17,86,81,199	12,85,90,945
Less: Provision for Income Tax	(6,43,02,098)	(4,65,16,286)
Add: Provision for Deferred Tax	(3,96,565)	12,26,067
Net Profit after Tax	11,39,82,536	8,33,00,726
Add: Previous year's profit brought forward	27,51,70,681	19,18,69,955
Balance Profit carried forward	38,91,53,217	27,51,70,681

### 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 Rs. 9629.25 lakhs (previous year Rs. 8832.79 lakhs) resulting in an increase of 9% over the previous year. The profit before tax is at Rs. 1786.81 lakhs (previous year Rs. 1285.91 lakhs) resulting in an increase of 39%.

### 4. DIVIDEND

In order to conserve resources, your directors do not recommend dividend for the year ended 31st March 2016.

### 5. FUTURE PROSPECTS

The company is undertaking a capital expansion project at its existing plant in Tarapur. The necessary statutory consents have been received and construction has commenced. The plant is expected to be operational by first quarter of 2017-18. The total project expenditure is to the tune of Rs. 25 crores.

With the additional capacity coming on stream, the company is confident of growing at higher than industry growth rate. The demand for the products manufactured by the company continues to be strong and will help fuel growth.

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

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

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

There was no transfer during the year to Investor Education and Protection Fund in terms of Section 205C of the Companies Act, 1956.

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

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

### 9. 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)

### 10. 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.

### 11. 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 some amount towards CSR activities, details provided in attached Annexure B to Director's Report.

### 12. 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 Schedule 13 of the Balance Sheet.

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



### 13. 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 Listing Regulations. 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. Also, 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)

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

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has 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. An Internal Complaints Committee has also been set up to redress 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.

### 15. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE 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, but secretarial Audit Report contain one qualification of appointment of Company Secretary, however the Company is in process of finding a suitable candidate for the post. Report of the secretarial auditor is given as an annexure which forms part of this report.

### 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

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

During the financial year, the Board had met four times on 8th May, 2015, 5th August, 2015, 30th October, 2015 and 9th February, 2016.

### 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 March 31, 2016, 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 the 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 forms part of the Report. However, having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at Registered Office of the Company during working hours. Any member interested in obtaining such information may write to the Compliance Officer, at the registered office and the same will be furnished on request.

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on February 9, 2016 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

During the year there has been no change in the composition of Board of Directors of the Company.



Mr. Rajesh Lawande is liable to retire by rotation in this Annual General Meeting and being eligible he has offered himself for reappointment. Your Directors recommend their appointment.

Mr. Rahul Nachane (holding DIN 00223346) is proposed to be re-appointed as Managing Director of the Company for the term of three (3) years with effect from June 1, 2017 in the ensuing AGM.

**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.

**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 familiarization programme 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 familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes. The policy on Company's familiarization programme 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 2" indicating 'High' level of credit worthiness adjudged in relation to other SMEs. The long term rating is Crisil BBB-/Positive (reaffirmed) and short term rating is Crisil A3 (reaffirmed). The company has also been rated by ICRA Ltd for bank borrowing and has been awarded BBB/Stable.

**26. STATUTORY AUDITORS**

M/s Bharat Gandhi & Co., Chartered Accountants, Mumbai bearing ICAI Firm Registration No as 101214W were appointed as Statutory Auditors at their Annual General Meeting held on 12th September, 2014 for the period of three (3) years. i.e till the Annual General Meeting to be held in year 2017 subject to ratification at each Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment.

The resolution for ratification of his appointment is put forward for your approval in the ensuing Annual General Meeting.

**27. INTERNAL AUDITORS**

The company has appointed M/s R Devarajan & Co, Chartered Accountants, Mumbai, (ICAI firm registration number 102415W) as internal auditors of the company for financial year 2016-17.

**28. SECRETARIAL AUDITORS**

The Company has appointed Mr Hemant Shetye, Partner of M/s HS Associates, Company Secretaries, as Secretarial Auditors of the Company to carry out the Secretarial Audit for the Financial Year 2015-16 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. Their report is appended to this report as Annexure F to Director's Report

**29. COST AUDITORS**

The company has appointed M/s. Sanghvi Randeria & Associates., Cost Accountants, Mumbai, (Firm registration number 00175) as Cost Auditors of the Company for financial year 2016-17.

**30. 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

**31. 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.

**32. SUBSIDIARY JOINT VENTURES AND ASSOCIATE COMPANIES**

The company does not have any subsidiary, joint venture or associate company and therefore provision with respect to Section 129 of the Companies Act, 2013 are not applicable to the Company.

**33. REPORT ON CORPORATE GOVERNANCE**

Corporate Governance Report prepared by HS Associates, Company Secretaries, is annexed hereto as Annexure to this report.

**34. 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 victimization 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.nglfinechem.com](http://www.nglfinechem.com)

#### **35. 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.

#### **36. 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 have being no material changes and commitments affecting the financial position of the Company occurred during the financial year.

#### **37. 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

#### **38. COMMITTEES OF THE BOARD**

During the year, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees and also formed a Risk Management Committee on voluntary basis. There are currently five Committees of the Board, as follows:

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

#### **39. REGISTERED OFFICE OF THE COMPANY**

The company has shifted its registered office to Mumbai by passing special resolution in the AGM held on 11.09.2015, Registered office is shifted to 301, E Square Subhash Road, Vile Parle (East) Mumbai-400057.

#### **40. 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.

#### **41. 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)

#### **42. AWARDS AND ACCOLADES**

Your company was listed by Forbes Asia as "Asia's 200 Best Under Billion" in June 2015.

#### **43. 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 organizational 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 maximizing Long-term value for shareholders.

#### **44. 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.

#### **45. 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, August 4, 2016



## ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016.

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. Modernizing recovery systems to obtain higher recoveries with shorter cycle times. 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. Capital investment on energy conservation

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

### III Expenditure on R&D activity

(Rupees in lakhs)

	2015-16	2014-15
Capital	-	12.67
Revenue	85.32	87.49
Total	85.32	100.16
As percentage of turnover	0.89%	1.13%

### B. TECHNOLOGY ABSORPTION:

#### 1. Research & Development

##### I Efforts made towards technology absorption;

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	Rs. 6957.85 lakhs
Total Foreign Exchange Used	Rs. 1129.50 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.

#### The CSR Policy

NGL would carry out the following activities:

- 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 organizing 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 centres 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.

#### CSR funding and allocation

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, NGL will annually contribute up to 2% of average profits of the previous three years towards CSR activities.

CSR contribution for the year will be determined by 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 decision would be taken on whether the unspent amount should be carried over to the subsequent year/s. The CSR Committee, while determining the requirement for carry 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 timeframe and best interests of all the stakeholders

**Applicability**

NGL’s CSR Policy has been prepared in accordance with Section 135 of the Companies Act, 2013 (referred to as the Act in this policy) on CSR and in accordance with the CSR rules (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India, in 2014.

**Implementation**

NGL’s CSR initiatives will be implemented by the NGL management under the guidance of Corporate Social Responsibility Committee (the “Committee”) of the Board of Directors (the “Board”) of NGL.

**Constitution of the CSR Committee**

The Board has constituted the “CSR Committee” of the Board on 16th Februray 2015 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:

1. Mr. Milind Shinde-Chairman
2. Mr. Rajesh Lawande- Member
3. Mrs. Ajita Nachane- Member

The Board has authority to reconstitute this Committee from time to time.

**Meetings and quorum**

The Committee shall meet at least twice a year. Two members present shall form the quorum for the meeting of the Committee.

**Roles and responsibilities of the Committee:**

The roles and responsibilities of the Committee shall be the following:

- Formulate, monitor and recommend to the Board, the CSR Policy
- Recommend to the Board, modifications to the CSR Policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR, including the evaluation of the impact of the Company’s CSR activities
- Review the Company’s disclosure of CSR matters
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation, including the Listing Agreement and the Companies Act, 2013.

**Policy review**

This Policy is framed based on the provisions of the Companies Act, 2013 and rules there under.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Corporate Social Responsibility Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any change or modification to the Policy as

recommended by the Committee would be given for approval of the Board of Directors.

**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 organizing 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 centres 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

1. Mr. Milind Shinde-Chairman
2. Mr. Rajesh Lawande-Member
3. Mrs. Ajita Nachane-Member

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

Particulars	Amount in Rs.
2012-2013	2,90,91,973
2013-2014	4,52,84,554
2014-2015	8,33,00,726
Total	15,76,77,253
Average Profit for previous 3 years	5,25,59,084



4. Prescribed CSR Expenditure (two percent, of the amount as in item 3 above) : Rs. 10,51,182
5. Details of CSR spent during the financial year. Rs 2,10,000
6. Total amount to be spent for the financial year; Rs.10,51,182
7. Amount unspent if any: Rs.8,41,182, The Company has not made the relevant provisions for CSR activities in the Books of Accounts as it is scrutinizing 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 finalizing this report as the company could not identify suitable projects.
8. Manner in which the amount spent during the financial year is detailed below :-

Sr. No.	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 or 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
1)	Animedh Charitable Trust	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Maharashtra	Data awaited	Rs 70,000	Rs 70,000	Direct by the Company
2)	Saraswati Mandir Trust	Promoting Education, including special education and employment enhancing vocation skills especially among children and livelihood enhancement projects	Maharashtra	Data awaited	Rs 1,40,000	Rs 1,40,000	Direct by the Company

sd/-

**Milind Shinde**  
Chairman

sd/-

**Ajita Nachane**  
Director

sd/-

**Rajesh Lawande**  
Executive Director

Date: August 4, 2016  
Place: Mumbai.



## 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	Rendering of Services
(c) Duration of the contracts/ arrangements/transactions	60 months (1st July, 2015 to 30th June, 2020)	12 Months	12 Months
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 4,00,000/- per month (Rupees Four Lakhs Only)	Rs. 5,50,000/- per month (Rupees Five Lakh Fifty Thousand)	Rs. 1,50,000/- per month (Rupees One Lakh Fifty Thousand)
(e) Date(s) of approval by the Board, if any:	8th May, 2015	5th August, 2015	5th August, 2015
(f) Amount paid as advances, if any	NIL	NIL	NIL





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**ANNEXURE D TO THE DIRECTORS' REPORT**

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**FORM NO. MGT - 9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31st March 2015

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

i	CIN	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 - 400 057. Tel : 26636450; Fax – 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 the manufacture of pharmaceuticals	21001	20.3%
ii	Allopathic Medicines	21002	74.8%

**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 (1st April, 2015)				No. of Shares held at the end of the year (31st March, 2016)				% 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	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
1. Directors	19,60,527	1,87,657	21,48,184	34.77	20,39,604	1,87,657	22,27,261	36.05	3.68
2. Directors Relative	16,37,874	97,143	17,35,017	28.08	18,55,961	--	18,55,961	30.04	6.97
Sub-Total (A)(1)	35,98,401	2,84,800	38,83,201	62.86	38,95,565	1,87,657	40,83,222	66.09	5.15
2) Foreign	--	--	--	--	--	--	--	--	--
a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
b) Other-Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Bank/ FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-Total (A)(2)	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter(A) (A)(1)+(A)(2)	35,98,401	2,84,800	38,83,201	62.86	38,95,565	1,87,657	40,83,222	66.09	5.15
<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) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B)(1)	--	--	--	--	--	--	--	--	--
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	1,13,758	5,28,371	6,42,129	10.39	2,57,126	5,27,971	7,85,097	12.71	22.26
i) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8,58,247	3,04,519	11,62,766	18.82	8,06,691	2,87,447	10,94,138	17.71	5.90
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3,81,444	22,414	4,03,858	6.54	1,20,378	0	1,20,378	1.95	(70.19)
c) Others (specify)									
(c-i) NON RESIDENT INDIANS (REPAT & NON-REPAT)	18704	--	18704	0.30	30,773	--	30,773	0.5	64.53
(c-ii) HUF	67,264	--	67,264	1.09	60,083	--	60,083	0.97	(10.67)
(c-iii) CLEARING MEMBER	102	--	102	0.00	4,333	--	4,333	0.07	4148.03
Total Public shareholding (B) (B)(1) + (B)(2)	14,39,519	8,55,304	22,94,823	37.14	12,79,384	8,15,418	20,94,802	33.91	(8.71)
C. Shares held by Custodian for GDRs & ADRs : NIL									
<b>Grand Total (A+B+C)</b>	<b>50,37,920</b>	<b>11,40,104</b>	<b>61,78,024</b>	<b>100.0</b>	<b>51,74,949</b>	<b>10,03,075</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 1st April, 2015)			Shareholding at the end of the year (As on 31st March, 2016)			% 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	10,64,734	17.23	—	11,43,811	18.51	—	7.43
3.	Sunita Sandeep Potdar	8,92,957	13.53	—	8,92,957	14.45	—	—
4.	Ajita Rahul Nachane	7,13,449	11.55	—	7,13,449	11.54	—	—
5.	Narayan Ganesh Lawande	79,077	1.28	—	0	0	—	100
6.	Vasant M Potdar	40,000	0.65	—	40,000	0.65	—	—
7.	Pushpa Narayan Lawande	9,534	0.15	—	2,09,555	3.40	—	2097.98
	<b>Total</b>	<b>38,83,201</b>	<b>62.86</b>	<b>—</b>	<b>40,83,222</b>	<b>66.09</b>	<b>—</b>	<b>5.15</b>

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

Sr. No.		Shareholding at the beginning of the year (1st April, 2015)		Cumulative Shareholding during the year (31st March, 2016)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Rajesh Narayan Lawande				
	At the beginning of the year	10,64,734	17.23		
	Acquired shares by way of transmission on 06.11.2015	79,077 (Acquired through transmission on 06.11.2015)	1.28		
	<b>At the End of the year</b>			<b>1143811</b>	<b>18.51</b>
2.	Narayan Ganesh Lawande				
	At the beginning of the year	79,077	1.28		
	Transmission of shares on 06.11.2015	79,077 (Shares transmitted on 06.11.2015)	1.28		
	<b>At the End of the year</b>			<b>NIL</b>	<b>NIL</b>
3.	Pushpa Narayan Lawande				
	At the beginning of the year	9534	0.15		
	Acquired shares by way of gift on 27.06.2015	1,04,986 (Shares acquired by way of gift)	1.70	1,14,520	1.85
	Acquired shares by way of gift on 10.07.2015	95,035 (Shares acquired by way of gift)	1.54	2,09,555	3.39
	<b>At the End of the year</b>			<b>2,09,555</b>	<b>3.39</b>



(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 (1st April, 2015)		Shareholding at the end of the year (31st March, 2016)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	M/s PCI Fermone Chemicals (India) Ltd	518971	8.39	5,18,971	8.39
2.	India Nivesh Securitates Limited	0	0	53,010	0.85
3.	Quant Securities Private Limited	0	0	50,894	0.82
4.	Sanjay J Poddar	0	0	38,000	0.61
5.	Namita Bhandare	0	0	37,902	0.61
6.	Dinero Wealth Private Limited	0	0	32,107	0.51
7.	India Nivesh Capital Limited	0	0	24,606	0.39
8.	Radhey Shyam Mittal	25,200	0.40	24,200	0.39
9.	Madhu Bala Mittal	20,276	0.32	20,276	0.32
10.	Shri Prasam Holdings Private Limited	41,965	0.67	20,024	0.32

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (1st April, 2015)		Shareholding at the end of the year (31st March, 2016)	
		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	10,64,734	17.23	11,43,811	18.51
3.	AJITA RAHUL NACHANE	7,12,949	11.55	7,12,949	11.55
3.	JAYRAM SITARAM	NIL	NIL	NIL	NIL
5.	MILIND VASANT SHINDE	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	11,13,29,145	2,87,175	—	11,16,16,320
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>11,13,29,145</b>	<b>2,87,175</b>	<b>—</b>	<b>11,16,16,320</b>
Change in Indebtedness during the financial year				
• Addition				
• Reduction	1,59,19,978	—	—	1,59,19,978
<b>Net Change</b>	<b>1,59,19,978</b>	<b>—</b>	<b>—</b>	<b>1,59,19,978</b>
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	12,72,49,123	2,87,175	—	12,75,36,298
<b>Total (i+ii+iii)</b>	<b>12,72,49,123</b>	<b>2,87,175</b>	<b>—</b>	<b>12,75,36,298</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Rahul Nachane Managing Director	Rajesh Lawande Executive Director	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	62,01,600	57,21,600	1,19,23,200
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under Section 17(3) IncomeTax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - As % of Profit - Others, specify	--	--	--
5.	Others, please specify	--	--	--
	Total (A)	62,01,600	57,21,600	1,19,23,200
	Ceiling as per the Act	84,00,000	84,00,000	1,68,00,000

### B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			
		Milind Shinde Independent Director	Jayaram Sitaram Independent Director	Ajita Nachane Non-Executive Director	Total Amount in Rs.
	Independent Directors				
	• Fee for attending board committee meetings	40,000	20,000	40,000	1,00,000
	• Commission	--	--	--	--
	• Others, please specify	--	--	--	--
	Total (1)	40,000	20,000	40,000	1,00,000
	Total Managerial Remuneration	40,000	20,000	40,000	1,00,000
	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 FOR THE YEAR ENDED 31ST MARCH 2016

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	15.17
Mr. Rajesh Narayan Lawande	14.33

- 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	43.30%
Mr. Rajesh Narayan Lawande	40.00%
Mr. Jayaram Sitaram	--
Mr. Milind Vasant Shinde	--
Mrs. Ajita Rahul Nachane	--

- c. The percentage increase in the median remuneration of employees in the financial year: **10%**

- d. The number of permanent employees on the rolls of Company : **196**

- e. The explanation on the relationship between average increase in remuneration and Company Performance:

On an average, employees received an annual increase of 10%. The increase in remuneration is in line with the market trends prevalent in the Economy. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organisation performance, apart from an individual's performance.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY 16	<b>Rs. 1,19,23,200</b>
Revenue	<b>Rs. 96,29,25,027</b>
Remuneration of KMPs (as a % of revenue)	<b>1.24%</b>
Profit before Tax (PBT)	<b>Rs. 17,86,81,199</b>
Remuneration of KMP (as a % of PBT)	<b>6.67%</b>

- g. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalization	Rs. 139.75 crores	Rs. 44.57 crores	213%
Price Earnings Ratio	12.26	5.35	129%

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31, 2016	IPO	% Change
Market Price (BSE)	Rs. 226.20 (face value of Rs. 5/- per share)	Rs. 30.00 (face value of Rs. 10/- share)	654%

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

Circumstances for increase in the managerial remuneration:

The average annual increase was around **10%**

Increase in the managerial remuneration for the year was **41%**

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

For FY 2016	Rahul Nachane Managing Director	Rajesh Lawande Executive Director
Remuneration	<b>Rs. 62,01,600</b>	<b>Rs. 57,21,600</b>
Revenue	<b>Rs. 96,29,25,027</b>	
Remuneration as % of Revenue	<b>0.64%</b>	<b>0.59%</b>
Profit before tax	<b>Rs. 17,86,81,199</b>	
Remuneration as % of PBT	<b>3.47%</b>	<b>3.20%</b>

- k. The key parameters for any variable component of remuneration availed by the directors:

There are no variable components of remuneration provided to the Directors

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None**.

- m. 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 12th February, 2016 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**

- n. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as an annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Compliance Officer.



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## ANNEXURE F TO THE DIRECTORS' REPORT Secretarial Audit Report

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### Form No. MR-3 FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2016.

[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 Ltd.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NGL Fine-Chem Ltd** (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 authorized 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, 2016, 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, 2016 to the extent applicable to the provisions of:

- I. The Companies Act, 1956 and 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, 2015;
  - c. The Securities and Exchange Board of India (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 regarding the Companies Act and dealing with client;
  - e. The Company has complied with the requirements under the Equity Listing Agreement entered into with BSE Limited.
  - f. The Company has complied with the requirements with Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015 from the date of its applicability.
  - g. The Company has complied with Secretarial Standard-1 "Meeting of Board of Directors" and Secretarial Standard-2 "General Meetings" which were effective from 1st July, 2015.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, and Guidelines, mentioned above subject to the following observations.

- The Company has allocated and spent funds on CSR initiatives during the year, however the company has not spent the entire amount as per the calculation stated under section 135 of the Companies, Act, 2013 and hence there is balance of unspent CSR money yet to be utilized.
- Not appointed a whole time Company Secretary as per section 203 of Companies Act 2013.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test – check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. The Environment (Protection) Act, 1986; and
- b. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards; and
- c. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards.
- d. Factories Act, 1948;

#### **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 Directors. There has been no change in the composition of the Board of Directors during the year under review.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**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 the company has:

1. Adopted New set of Articles of Association at the Annual General Meeting held on 11th September, 2015.
2. Appointed Mr. Jayaram Sitaram as an Independent Director with the effect 5th August, 2015 to 4th August, 2020 for a period of 5 years.
3. Appointed Mrs. Ajita Nachane as a Non-Executive Woman Director with effect from 15th September, 2015.
4. Re-appointed Mr. Rajesh Lawande as Executive Director with the effect 1st June, 2015 to 31st May, 2018 for a period of 3 years.
5. Passed Special Resolution in the Annual General meeting to increase the remuneration of Mr. Rahul Nachane the Managing Director of the Company.

For **HS Associates**  
Company Secretaries

sd/-  
**Hemant S. Shetye**  
Partner  
**FCS No.: 2827**  
**CP No.: 1483**

Date: August 4, 2016  
Place: Mumbai.



## ANNEXURE G TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

### 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

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 in Note 26 (g). No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

During the year there were in total four board meetings held on 08th May, 2015 05th August, 2015; 30th October, 2015 and 9th February, 2016. 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	No. of other Directorships	Committee Memberships in other Companies
R. J. Nachane	MD	4	Yes	--	--
R. N. Lawande	ED	4	Yes	--	--
M. V. Shinde	NED	4	Yes	--	--
J. Sitaram*	NED	2	Yes	--	--
A.R.Nachane	NED	4	Yes	--	--
S. S. Lad**	NED	2	No	--	--

1. Directorship only of public Limited Company is Considered
2. MD – Managing Director
3. ED – Executive Director NED – Non Executive Director

\* Appointed as director with effect from 5th August, 2015.

\*\* Resigned as director with effect from 5th August, 2015.

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

- A) Appointment of Mr. Rajesh Lawande, retiring director by rotation,
- a. Name of Director: Rajesh Lawande
  - b. Age: 40 years
  - c. Qualifications: MSc, PGDBA
  - d. Expertise in functional areas: Chemistry, Research & Development, Finance & Marketing
  - e. Directorships in other Indian public limited companies & other firms as on 31.03.2016 NA
  - f. Shareholding 11,43,811 Equity shares

The composition of Board of Directors and various Committee is posted on the Company's website and can be accessed at [www.nglfinechem.com](http://www.nglfinechem.com)

#### Guidelines regarding appointment of Directors

The Nomination & Remuneration Committee have approved a Policy for the Selection, Appointment and Remuneration of Directors. In line with the said Policy, the Committee facilitate the Board in identification and selection of the Directors who shall be of high integrity with relevant expertise and experience so as to have well diverse Board

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law and the retirement policy laid down by the Board from time-to-time. The Managing Director and all the Non-executive Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. As required under Regulation 46(2)(b) of the Listing Regulations, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of appointment of their appointment are posted on the Company's website and can be accessed at [www.nglfinechem.com](http://www.nglfinechem.com)

#### Membership term

As per the Articles of Association of the Company, at least two-thirds of the Board of Directors should be retiring Directors. One-third of these Directors are required to retire every year and if eligible, the retiring Directors qualify for re-appointment.

#### Succession policy

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the statute. Executive Directors are appointed by the shareholders for a maximum period of Three years at one time subject to retirement by rotation, but are eligible for re-appointment upon completion of their term. Non-Independent Non-Executive Directors are appointed for a term of five years and do not retire by rotation.

The Board has adopted a retirement policy for its Executive Directors. The maximum age of retirement of Executive Directors is sixty years, provided that the term of the person holding this position may be extended beyond the age of sixty years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years.

#### Induction and Familiarization 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 familiarization 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 familiarize them with all facets of pharmaceutical manufacturing. The details of familiarization program can be accessed from the website: [www.nglfinechem.com](http://www.nglfinechem.com)

#### Board Evaluation:

During the year, the Board 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 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 9th February 2016 without the presence of the Managing Director & CFO, 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

### 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, 2015. The Audit Committee 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
- Mr. S. S. Lad – Member (upto 5th August 2015)

During the year there were in total four Audit committee meetings held on 08th May, 2015; 05th August, 2015; 30th October, 2015 and 9th February, 2016. The attendance of the meetings is given below.

Name of Director	Category of Directorship	No. of Committee Meetings attended
*M. V. Shinde	NED	4
*J. Sitaram	NED	2
R. N. Lawande	ED	4
S. S. Lad	NED	2

(\*) the Composition of Audit Committee has changed due to the resignation of Mr. S.S Lad who was previously a chairman of the committee and in his place Mr. Milind Shinde was inducted as chairman and Jayaram Sitaram as member to the committee.

The chairperson of Audit Committee was present in previous AGM held on September 11, 2015 to answer shareholder's queries.

#### Invitees / Participants: -

- 1) The M.D. Rahul Nachane, is the permanent invitees to all Audit Committee meetings.
- 2) Internal Auditor, M/s Devrajan & Co attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the

points covered in the Internal Audit Report as well as the other issues that come up during discussions.

- 3) The representatives of the Statutory Auditors have attended all the Audit Committee meetings held during the year.

#### **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 utilized 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;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

- 1) management discussion and analysis of financial condition and results of operations;
- 2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) internal audit reports relating to internal control weaknesses; and
- 5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- 6) 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 utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

#### **b. Nomination and Remuneration Committee**

Pursuant to the changes in the composition of the Board of Directors of the Company in 2015, the Committee was reconstituted by the Board of Directors.

The Nomination and Remuneration Committee met twice in financial year 2015-16 on 5th August, 2015 and 9th February, 2016. The necessary quorum was present in the said meetings. The Chairman

of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 11, 2015. The composition of the Committee during 2015 and the details of meetings held and attended by the Directors are as under:

<b>Name of Director</b>	<b>Category of Directorship</b>	<b>No. of Committee Meetings attended</b>
Jayaram Sitaram	Chariman & NED	1
M. V. Shinde	Member & NED	2
A. R. Nachane *	Member & NED	1
S. S. Lad (upto 5-8-2015)	Member & NED	1

(\*) the Composition of Nomination and Remuneration Committee has changed due to resignation of Mr. S.S Lad who was previously chairman of the committee and in his place Mr. Jayaram Sitaram was inducted.

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.

#### **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, 2015 have been published below.”

#### **Details of Remuneration Paid to the Directors**

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

Details of remuneration paid to Executive Directors:

<b>Name of Director</b>	Mr. Rahul Nachane	Mr. Rajesh Lawande
<b>Designation</b>	MD	ED
<b>Salary</b>	61,80,000	57,00,000
<b>Performance bonus</b>	--	--
<b>Provident Fund &amp; Gratuity Fund</b>	21,600	21,600



Mr. Rahul Nachane is appointed as Managing Director with effect from 1st June 2014 for a period of 3 years. His re-appointment with effect from 1st June 2017 for a period of 3 years is subject to approval of shareholders in the ensuing Annual General Meeting.

Mr. Rajesh Lawande is appointed as Executive Director with effect from 1st June 2015 for a period of 3 years.

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

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Non-Executive Directors during the year ended on 31st March, 2016 are given below:-

#### Sitting Fees

Name	Mr. Milind Shinde	Mr. Jayaram Sitaram	Mrs. Ajita Nachane	Mr. S. S. Lad
Sitting fees	40,000	20,000	40,000	20,000
Remuneration	Nil	Nil	Nil	Nil
No. of equity shares	Nil	Nil	7,13,449	Nil
Commission	Nil	Nil	Nil	Nil
Non convertible instruments	Nil	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.

#### c. Stakeholder Relationship Committee

Pursuant to the changes in the composition of the Board of Directors of the Company in 2015, the Committee was reconstituted by the Board of Directors

The Committee periodically reviews the status of stakeholders' grievances and redressal of the same. The Committee met four times in FY 2015-16 - on 08th May, 2015; 05th August, 2015; 30th October, 2015 and 9th February, 2016. 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 September 11, 2015.

The composition of the Committee during 2015 and the details of meetings held and attended by the Directors are as under:

The Stakeholder Relationship Committee consists of two Non-Executive Independent Directors, One Non-Executive Director & Compliance Officer. The committee looks into the shareholders and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

Following are the members of the Committee.

1. Mr. Milind Shinde – Chairman
2. Mr. Jayaram Sitaram – Member
3. Mrs. Ajita Nachane - Member
4. Mr. Rahul Nachane – Compliance Officer
5. Mr. S. S. Lad – Member (upto 5th August 2015)

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
*M. V. Shinde	NED	4
*J.Sitaram	NED	2
A. Nachane	NED	4
R. N. Lawande	ED	4
S. S. Lad	NED	2

(\* the Composition of Stakeholder Relationship Committee has changed due to resignation of Mr. S.S Lad who was previously a chairman of the committee and in his place Mr. Milind Shinde was inducted as chairman and Jayaram Sitaram was inducted as member to the committee.

The company received '4' complaints from shareholders during the year which was resolved during the year and none remained pending at the end of the year. Further, during the year ended on 31st March 2016 the company approved transfer of 2600 physical equity shares of Rs.5/- each

#### c) 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 twice in the FY 2015-16 on 5th August, 2015 and 9th February, 2016. 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	2
Ajita Nachane	Member & NED	2
Rajesh Lawande	Member & ED	2

#### d) Risk Management Committee

Company has voluntarily complied with regulation 21 of Listing Obligation and Disclosure requirement Regulation 2015 and constituted risk management committee on 8th May, 2015. under the Chairmanship of Mr. Rahul Nachane and consists of the members as stated below. During the year ended on 31st March, 2016, this Committee had 1 meeting on 9th February, 2016 which was attended by all the members as under:-

Name of Director	Category of Directorship	No. of Committee Meetings attended
Rahul Nachane	MD	1
Ajita Nachane	NED	1
Rajesh Lawande	ED	1

#### 5. General Body Meetings:

Financial Year	Date	Time	Venue	Special Resolution(s)
2012-13 AGM	August 9, 2013	11.30 a.m.	Lion's Club Hall, Sector 10, Plot No. 12, Near Dmart Mall, Kopar Khairane, Navi Mumbai – 400 709.	NIL



Financial Year	Date	Time	Venue	Special Resolution(s)
2013-14 AGM	Sept. 12, 2014	11.30 a.m.	Lion's Club Hall, Sector 10, Plot No. 12, Near Dmart Mall, Kopar Khairane, Navi Mumbai – 400 709.	a) Appointment of Mr. Rahul Nachane as Managing Director. b) To lease, mortgage or create charge on the properties of the Company. c) To borrow amount exceeding paid up capital and free reserves of the Company.
2014-15 AGM	Sept. 11, 2015	11.30 a.m.	Lion's Club Hall, Sector 10, Plot No. 12, Near Dmart Mall, Kopar Khairane, Navi Mumbai – 400 709.	a) Adopted New set of Articles of Association at the Annual General Meeting held on 11th September, 2015 b) Appointment of Mr. Rajesh Lawande as Executive Director with the effect 1st June, 2015 to 30th May, 2018 for a period of 6 years c) To increase the remuneration of Mr. Rahul Nachane the Managing Director of the Company d) To shift the registered office outside the city limites but within the same ROC.

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

## 6. Disclosures

**Disclosure of accounting Treatment:** The Company follows accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and/or by the Institute of Chartered Accountants of India in the preparation of financial statements and has not adopted a treatment different from that prescribed in any accounting standard.

**CEO/CFO Certification:** The Managing Director and the Chief Finance Officer (CFO) have certified to the Board in accordance with regulation 17 (viii) of the sebi (listing obligation & disclosure requirement). Regulation 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2016 which is annexed separately in Annual report.

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

### 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)

### Pecuniary relationships

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has

Potential conflict with the interests of the Company at large.

### Penalties:

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

### Material Subsidiaries Policy:

Material Subsidiaries Policy is not applicable to the company.

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

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and the regulation 22 of Listing Obligation and Disclosure Requirement, 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)

### 8. Means of Communication

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

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

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

### 9. General Shareholder Information

- The 35th Annual General Meeting is proposed to be held on Wednesday, the 31st August, 2016 at 11.00 A.M at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, Mumbai 400057.
- The financial year of the company is from April to March.

### Financial calendar

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

### Dates of book closure

Wednesday, 24th August 2016 to Wednesday, 31st August, 2016 (both days inclusive)

### Debentures

There are no outstanding debentures.

### Listing Fees:

The Company has paid listing fees up to 31st March, 2016 to the Bombay Stock Exchange (BSE) where Company's shares are listed.

### Dividend

The Board of Directors have not proposed any dividend for the year ended 31st March 2016 with a view to conserve resources.



### Listing of equity shares on Stock Exchanges

The Company's Shares are listed on Bombay Stock Exchange (BSE) with scrip code as 524774.

### Names of depositories for dematerialization of equity shares

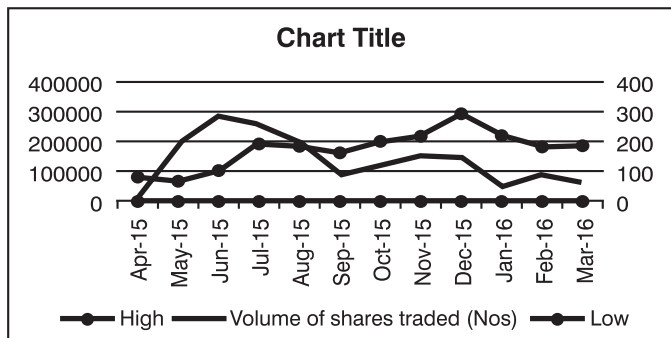
Name of depository	ISIN No.
National Securities Depository Ltd.	INE887E01022
Central Depository Services (India) Ltd.	INE887E01022

### Stock market price data for the year 2015-16 (BSE)

Month	BSE		
	High	Low	Volume of shares traded (Nos)
April 2014	75.45	83.15	1,573
May 2015	126.20	69.40	1,85,024
June 2015	165.10	106.30	2,86,233
July 2015	240.00	200.90	2,59,599
August 2015	245.50	190.80	2,01,825
September 2015	234.90	165.70	95,674
October 2015	259.00	198.00	1,19,604
November 2015	305.50	223.50	1,62,303
December 2015	358.00	295.00	1,51,545
January 2016	326.30	219.10	55,260
February 2016	258.30	183.00	86,205
March 2016	238.30	185.00	67,307

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

Months	NGL'S Share Price (Rs.)	BSE Sensex (Rs.)
Apr-15	72.95	27,011.31
May-15	116.80	27,828.44
Jun-15	165.10	27,780.83
Jul-15	200.90	28,114.56
Aug-15	197.50	26,283.09
Sep-15	224.30	26,154.83
Oct-15	235.20	26,656.83
Nov-15	302.30	26,145.67
Dec-15	307.10	26,117.54
Jan-16	246.60	24,870.69
Feb-16	189.10	23,002.00
Mar-16	226.20	25,341.86



### E-Voting Facility to members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

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

### Registrar and Share Transfer Agent

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

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 Fax: (022) 23012517  
Email: busicomp@vsnl.com

### Share Transfer System

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

### De-materialization of shares

As on 31.03.2016, 83.76% of the Company's total shares representing 51,74,949 shares were held in de-materialized form & the balance 16.24 representing 10,03,075 shares in paper form. The details are given below

Type	No. of Shares	% Shareholding
<u>De-materialized shares</u>	<b>Held</b>	
With N.S.D.L		52.67
With C.D.S.L	32,53,934	31.09
Total demat shares	19,21,015	83.76
Physical shares	51,74,949	16.24
	61,78,024	100.00

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

Category	No. of Shares	% Shareholding
	<b>Held</b>	
Individuals		19.66
Bodies Corporate	12,14,516	10.39
Clearing Members	7,85,097	0.07
Directors	4,333	36.05
Directors Relatives	22,27,261	30.04
NRI	18,55,961	0.5
HUF	30,773	0.97
	60,083	100.00
	61,78,024	

**Distribution of shareholding as on March 31, 2016**

No. of shares	No. of Share-holders	% of Share-holders	Share-holding (Rs.)	% of Share-holding
Up to 5000	3,418	94.37	29,50,940	9.55
5001 – 10000	97	2.68	7,50,995	2.43
10001 – 20000	46	1.27	6,62,090	2.14
20001 – 30000	16	0.44	4,01,675	1.30
30001 – 40000	6	0.17	2,05,360	0.66
40001 – 50000	7	0.19	3,07,420	1.00
50001– 100000	14	0.39	10,95,580	3.55
100001 & above	18	0.50	2,45,16,060	79.37
	3,622	100.00	3,08,90,120	100.00

**Plant Locations**

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

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

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

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

**Address for correspondence**

The Company's registered office is situated at 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057.

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

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

We, Rahul Nachane, Managing Director and Rajesh Lawande, CFO of the Company, hereby certify that for the financial year, ending 31st March, 2016

- (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.

**DECLARATION**

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

sd/-  
Rahul Nachane  
Managing Director

Date: May 20, 2016  
Place: Mumbai.

sd/-  
**Rahul Nachane**  
Managing Director  
Date: May 20, 2016  
Place: Mumbai.

sd/-  
**Rajesh Lawande**  
Whole Time Director & CFO



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

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The Board of Directors  
**NGL Fine Chem Limited**  
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, 2016, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, August 4, 2016.

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### Industry Structure & Developments

The Indian Pharmaceuticals Industry has undergone a massive makeover from a regime of process patents in the seventies to a more modern and WTO compatible regime under the TRIPs agreement in 2005. It is among the top science based industries in India with wide ranging capabilities in field of drug manufacture and technology ensuring quality and diversification. The Indian pharmaceutical industry is fragmented with more than 10,000 manufacturers in the organised and unorganised segments.

Pharmaceutical manufacturing units are largely concentrated in states of Maharashtra, Gujarat and Andhra Pradesh. These states account for about 45% of the total number of pharmaceutical manufacturing units in India. According to the Confederation of Indian Industries (CII), there are around 8,000 small and medium enterprises (SME) units, accounting for about 70% of the total number of the pharmaceutical units in India. Indian SMEs are also opening up for emerging opportunities in the pharmaceutical industry in the field of CRAMS, clinical research etc. These would drive them to play a definitive role in the transitional global pharmaceutical environment, where a sizeable number of drugs are expected to go off patent in the coming years. The Indian government has been making every attempt to support SMEs through several incentives. One such effort is the development of SME clusters in various parts of the country.<sup>1</sup>

### Opportunities and Threats

#### Market Trends & Outlook

The global pharmaceutical industry is estimated to have crossed USD 1 trillion by end of CY2013 and is expected to reach around USD 1.2 trillion by CY2017. This implies spending of about USD 235 bn over a period of five years. The global spending on healthcare has grown by 3% YoY and was 10.5% of the GDP in 2013. It is expected to grow at a CAGR of around 5% between CY 2013-17 primarily driven by population growth and government initiatives in emerging countries like India. Further patent expiry in the US and opening up of new markets like Japan will open up huge opportunities for pharmaceutical companies.

Indian pharma companies export their product to more than 150 nations and generate over 50% of the total revenue. Among these nations, the USA, being the world's largest generic market, accounts for major contribution to total pharma exports. Exports to the US are driven by increased Abbreviated New Drug Applications (ANDAs) filing by Indian companies.<sup>2</sup>

### Risks & Concerns

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

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

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

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

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

### Product-wise performance

The growth in sales in limited due to high capacity utilization. The company is planning an expansion of capacity in 2016-17. With incremental manufacturing capacity being available, we anticipate better growth prospects.

### Internal Control Systems & Adequacy

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

### Financial Performance

The sales have increased by 912% over the previous year to Rs 9629.25 lakhs. Profit has increased to Rs 1139.82 lakhs which is an increase of 36.8% over the previous year. Future performance drivers are improved productivity and a growing product portfolio to offer our global customers.

### Human Resources

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

### Sources:

1. Dun & Bradstreet report for Department of Science & Technology, Government of India.
2. HDFC Bank Investment Advisory Group Sector update 23rd September 2014.



## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of NGL Fine-Chem Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government, in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations in its financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

sd/-

**Bharat Gandhi**  
Proprietor  
Membership No: 34959

Place : Mumbai  
Dated : 20th May, 2016





## Annexure - A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditors' Report to the members of the **NGL Fine-Chem Limited** on the standalone financial statements for the year ended 31 March 2016, 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 a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. 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.
- (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 explanation given to us, the Company has neither made any Investments nor granted any Loans or given any Guarantees to any party covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (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, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no material dues of Service Tax, Sales Tax,

Customs Duty, and Excise Duty which have not been deposited on account of any disputes. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income Tax and Interest	13,30,507*	Assessment year 2009 - 2010	CIT(Appeals)

\* Net of amounts paid under protest.

- (viii) The Company has not defaulted in repayment of dues to financial institutions and banks.
- (ix) In our opinion and according to the explanations given to us, term loans taken during the year have been applied for the purpose for which it was obtained.
- (x) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given 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 and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

sd/-

**Bharat Gandhi**  
Proprietor  
Membership No: 34959

Place : Mumbai  
Dated : 20th May, 2016



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## Annexure - B to the Independent Auditor's Report

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

#### 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 31 March 2016 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 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 31 March 2016, 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 **BHARAT GANDHI & CO,**  
*Chartered Accountants*  
Registration No: 101214W

sd/-

**Bharat Gandhi**  
Proprietor  
Membership No: 34959

Place : Mumbai  
Dated : 20th May, 2016


**BALANCE SHEET AS AT 31st MARCH 2016**

	Particulars	Note	As at 31 March 2016		As at 31 March 2015	
			Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholders' funds</b>					
	(a) Share capital	3	3,08,90,120		3,08,90,120	
	(b) Reserves and surplus	4	41,12,55,878	44,21,45,998	29,72,73,343	32,81,63,463
<b>2</b>	<b>Non-current liabilities</b>					
	(a) Long-term borrowings	5	30,83,397		1,57,03,662	
	(b) Deferred tax liabilities	6	1,21,05,577	1,51,88,974	1,17,09,012	2,74,12,674
<b>3</b>	<b>Current liabilities</b>					
	(a) Short-term borrowings	7	12,44,52,901		9,59,12,658	
	(b) Trade payables	8	13,65,37,999		17,13,17,299	
	(c) Other current liabilities	9	2,46,68,256		2,14,42,169	
	(d) Short-term provisions	10	3,20,70,202		2,09,23,703	
				31,77,29,358		30,95,95,829
		<b>TOTAL</b>		<b>77,50,64,330</b>		<b>66,51,71,966</b>
<b>B</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
(a)	Fixed assets					
	(i) Tangible assets	11	23,97,17,039		17,14,50,068	
	(ii) Intangible assets	11	16,36,952		28,48,746	
	(iii) Capital work-in-progress	11	1,58,58,113		1,09,58,296	
(b)	Long-term loans and advances	12	1,95,42,467	27,67,54,571	3,96,38,318	22,48,95,428
<b>2</b>	<b>Current assets</b>					
(a)	Current investments	13	3,10,99,104		2,07,39,138	
(b)	Inventories	14	10,02,16,069		12,12,06,744	
(c)	Trade receivables	15	32,44,67,153		25,96,64,318	
(d)	Cash and cash equivalents	16	2,11,56,566		1,86,32,301	
(e)	Short-term loans and advances	17	2,06,20,893		1,97,68,419	
(f)	Other current assets	18	7,49,974	49,83,09,759	2,65,618	44,02,76,538
		<b>TOTAL</b>		<b>77,50,64,330</b>		<b>66,51,71,966</b>

Notes 1 to 26 form an integral part of these financial statements  
In terms of our report attached.

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

sd/-

Bharat Gandhi  
Proprietor

Place : Mumbai  
Date : May 20, 2016

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

sd/-  
Ajita Nachane  
**Director**

Rajesh Lawande  
**Executive Director**

Place : Mumbai  
Date : May 20, 2016

sd/-  
Rahul Nachane  
**Managing Director**

Milind Shinde  
**Chairman**



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016**

Particulars	Note	For the year ended	For the year ended
		31 March 2016	31 March 2015
		Amount (₹)	Amount (₹)
1 Revenue from operations (gross)	19	1,03,63,19,738	95,98,36,573
Less: Excise duty	19	-7,33,94,711	-7,65,57,404
<b>Revenue from operations (net)</b>		<b>96,29,25,027</b>	<b>88,32,79,169</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	20	39,09,44,863	43,98,70,049
(b) Purchases of stock-in-trade		-	-
(c) Changes in inventories of finished goods and work-in-progress	21	1,72,27,515	-2,34,73,105
(d) Employee benefits expense	22	11,34,62,097	9,40,24,042
(e) Other expenses	23	22,56,56,091	22,62,27,923
<b>Total</b>		<b>74,72,90,566</b>	<b>73,66,48,909</b>
<b>3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)</b>		21,56,34,461	14,66,30,260
4 Finance costs	24	-1,17,31,903	-1,25,46,955
5 Depreciation and amortisation expense	11	-2,72,23,947	-2,59,67,831
6 Other income	25	20,02,588	13,13,797
<b>7 Profit (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)</b>		17,86,81,199	10,94,29,271
8 Exceptional items		-	1,91,61,674
<b>9 Profit / (Loss) before extraordinary items and tax (7 + 8)</b>		17,86,81,199	12,85,90,945
10 Extraordinary items		-	-
<b>11 Profit / (Loss) before tax (9 + 10)</b>		17,86,81,199	12,85,90,945
<b>12 Tax expense:</b>			
(a) Current tax expense for current year		-6,42,00,000	-4,65,00,000
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-1,02,098	-16,286
(d) Net current tax expense		-6,43,02,098	-4,65,16,286
(e) Deferred tax		-3,96,565	12,26,067
(e) Total tax expense		<b>-6,46,98,663</b>	<b>-4,52,90,219</b>
<b>13 Profit / (Loss) for the year (11-12)</b>		11,39,82,536	8,33,00,726
<b>14 Earnings per share (of Rs. 5/- each):</b>			
(a) Basic		18.45	13.48
(b) Diluted		18.45	13.48

**Notes 1 to 26 form an integral part of these financial statements**  
In terms of our report attached.

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

sd/-

Bharat Gandhi  
Proprietor

Place : Mumbai  
Date : May 20, 2016

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

sd/-  
Ajita Nachane  
**Director**

Rajesh Lawande  
**Executive Director**

Place : Mumbai  
Date : May 20, 2016

sd/-  
Rahul Nachane  
**Managing Director**

Milind Shinde  
**Chairman**


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		17,86,81,199		12,85,90,945
<i>Adjustments for:</i>				
Exceptional Items	-		-	
Depreciation and amortisation	2,72,23,947		2,59,67,831	
(Profit) / loss on sale / write off of assets	3,71,928		40,27,031	
Interest income	-13,21,880		-9,78,902	
Dividend income	-3,33,619		-3,34,895	
Gain on sale of long term investments	-		-	
Liabilities / provisions no longer required written back	-		-	
		2,59,40,376		2,86,81,065
Operating profit / (loss) before working capital changes		20,46,21,575		15,72,72,009
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	2,09,90,675		-3,62,52,778	
Trade receivables	-6,48,02,835		-2,17,83,722	
Short-term loans and advances	-8,52,474		-5,61,139	
Long-term loans and advances	2,00,95,851		-2,44,01,115	
Other current assets	-4,84,356		8,48,492	
Current investments	-1,03,59,966		-1,65,91,095	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	-3,47,79,300		5,50,71,917	
Other current liabilities	32,26,087		-15,49,492	
Other long-term liabilities	-		-	
Short-term provisions	1,11,46,499		82,78,339	
Long-term provisions	-		-	
		-5,58,19,819		-3,69,40,593
		14,88,01,756		12,03,31,417
Cash flow from extraordinary items		-		-
Cash generated from operations		14,88,01,756		12,03,31,417
Net income tax (paid) / refunds		-6,46,98,663		-4,52,90,219
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>8,41,03,093</b>		<b>7,50,41,198</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	-9,96,00,869		-2,74,63,502	
Proceeds from sale of fixed assets	50,000		2,82,679	
Purchase of long-term investments	-		-	
Proceeds from sale of long-term investments	-		-	
Loans given	-		-	
Loans realised	-		-	
Interest received	13,21,880		9,78,902	
Dividend received	3,33,619		3,34,895	
Cash flow from extraordinary items	-		-	
		-9,78,95,370		-2,58,67,026
		-9,78,95,370		-2,58,67,026
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>-9,78,95,370</b>		<b>-2,58,67,026</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	-1,26,20,265		-1,79,25,292	
Repayment of long-term borrowings	-		-	
Net increase / (decrease) in working capital borrowings	2,85,40,243		-1,86,57,682	
Proceeds from other short-term borrowings	-		-	
Repayment of other short-term borrowings	-		-	
Net increase / (decrease) in Deferred Tax Liability	3,96,565		-12,26,067	
Dividends paid	-		-	
Tax on dividend	-		-	
		1,63,16,543		-3,78,09,041
Cash flow from extraordinary items		-		-
<b>Net cash flow from / (used in) financing activities (C)</b>		1,63,16,543		-3,78,09,041
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>25,24,266</b>		<b>1,13,65,131</b>
Cash and cash equivalents at the beginning of the year		1,86,32,301		72,67,170
Effect of exchange differences on restatement of foreign currency		-		-
Cash and cash equivalents		2,11,56,566		1,86,32,301
<b>Cash and cash equivalents at the end of the year</b>		<b>2,11,56,566</b>		<b>1,86,32,301</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 16)		2,11,56,566		1,86,32,301
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		2,11,56,566		1,86,32,301
Add: Current investments considered as part of Cash and cash Equivalents (as defined in AS 3 Cash Flow Statements)		-		-
<b>Cash and cash equivalents at the end of the year *</b>		<b>2,11,56,566</b>		<b>1,86,32,301</b>
* Comprises:				
(a) Cash on hand		9,06,611		8,01,804
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		32,48,365		62,72,542
(ii) In deposit accounts		1,70,01,590		1,15,57,955
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-

**Notes:**

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

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

In terms of our report attached.

**For Bharat Gandhi & Co**

Chartered Accountants  
Registration No: 101214W

sd/-

Bharat Gandhi  
Proprietor

Place : Mumbai  
Date : May 20, 2016

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

sd/-  
Ajita Nachane  
**Director**

Rajesh Lawande  
**Executive Director**

Place : Mumbai  
Date : May 20, 2016

sd/-  
Rahul Nachane  
**Managing Director**

Millind Shinde  
**Chairman**



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

Note	Particulars
<b>1</b>	<p><b>Corporate information</b></p> <p>NGL Fine-Chem Limited (CIN L24110MH1981PLC025884) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its Shares are listed on Bombay Stock Exchange in India. The Company is engaged in pharmaceutical business. It undertakes manufacturing of wide range of products.</p>
<b>2</b>	<p><b>Significant accounting policies</b></p>
<b>2.01</b>	<p><b>Basis of accounting and preparation of financial statements</b></p> <p>The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the standard on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 143 (10) of the Companies Act, 2013. Accounting Policies not specifically referred to otherwise are consistent with generally accepted accounting principles.</p>
<b>2.02</b>	<p><b>Use of estimates</b></p> <p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
<b>2.03</b>	<p><b>Tangible fixed assets</b></p> <p>Fixed assets are stated at cost. Attributable expenditure of bringing the respective assets to working condition for their intended use is capitalized.</p> <p><u>Capital work-in-progress:</u></p> <p>Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses.</p>
<b>2.04</b>	<p><b>Impairment of assets</b></p> <p>The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is increased or reversed depending on changes in circumstances.</p>
<b>2.05</b>	<p><b>Investments</b></p> <p>Investments are stated at cost or market value whichever is lower. Where investments have diminished in value the provision is made to the extent of diminution.</p>
<b>2.06</b>	<p><b>Inventories</b></p> <p>Stock of raw materials, consumable stores and fuel &amp; oil are valued at lower of cost or market value on FIFO basis. Finished goods and work in process are valued at cost of production or market value which ever is lower.</p>
<b>2.07</b>	<p><b>Foreign currency transactions and translations</b></p> <p>(i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transactions or the applicable forward contracts.</p> <p>(ii) Foreign currency liabilities &amp; assets are re-stated at the rate prevailing on the last day of the accounting year or the applicable forward contracts. Gains and losses arising out of such fluctuations are duly dealt with in the profit and loss account.</p>
<b>2.08</b>	<p><b>Provisions and contingencies</b></p> <p>Provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except in respect of employee benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and</p>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

Note	Particulars
	adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is removed.
<b>2.09</b>	<p><b>Revenue recognition</b></p> <p><b>Sale of goods</b></p> <p>Export Sales are recognized as per the date of the shipping bill. Local Sales are recognized on dispatch of goods to the customers. Sales include excise duty and taxes and are shown net of returns.</p> <p><b>Other income</b></p> <p>Dividend income is accounted for when the right to receive dividend is established.</p> <p>Interest income is accounted on accrual basis.</p> <p>Export Duty Drawback and DEPB Incentives are accounted on accrual basis when the certainty to receive is established.</p>
<b>2.10</b>	<p><b>Employee benefits</b></p> <p>(a) Short term employee benefit obligations are estimated and provided for.</p> <p>(b) Post employment benefits and other long term employee benefits</p> <ul style="list-style-type: none"> <li>• Defined contribution plans:</li> </ul> <p>Company's contribution to provident fund and state employee insurance are determined under the relevant schemes and/or statute and charged to revenue.</p> <ul style="list-style-type: none"> <li>• Defined benefit plans:</li> </ul> <p>Gratuity:</p> <p>Company's liability towards gratuity is actuarially determined at each renewal date using the projected unit credit method. Actuarial gains and losses are recognized in revenue.</p> <p>Short term benefits (accumulated leave benefit):</p> <p>The expected cost of accumulating compensated absences (leave encashment) that the company expects to pay as a result of unused entitlement that has accumulated as at the Balance Sheet date is provided for on the basis of current salary payable to employees.</p> <p>Long term benefits:</p> <p>The company does not offer any long term benefits such as pension, long service leave, sabbatical leave, long term disability benefits, profit sharing, bonuses and deferred compensation, etc. These are hence not quantified nor provided for.</p>
<b>2.11</b>	<p><b>Borrowing costs</b></p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds are charged to the Statement of Profit and Loss. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.</p>
<b>2.12</b>	<p><b>Depreciation and amortisation</b></p> <p>Depreciation in the accounts is charged on the Straight Line Method 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 &amp; VAT claimed.</p>
<b>2.13</b>	<p><b>Research &amp; Development</b></p> <p>All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred and expenditure of capital nature is capitalized as fixed assets, and depreciated as per the company's policy.</p>
<b>2.14</b>	<p><b>Insurance claims</b></p> <p>Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.</p>





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

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



### Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Total Value of Shares (₹)	Number of shares	Total Value of Shares (₹)
(a) Authorised Capital Equity shares of ₹ 5/- each with voting rights	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
(b) Issued, Subscribed and Fully Paid Capital Equity shares of ₹ 5/- each with voting rights	61,78,024	3,08,90,120	61,78,024	3,08,90,120
<b>Total</b>	<b>61,78,024</b>	<b>3,08,90,120</b>	<b>61,78,024</b>	<b>3,08,90,120</b>
(c) Reconciliation of shares outstanding At the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>61,78,024</b>	<b>3,08,90,120</b>	<b>61,78,024</b>	<b>3,08,90,120</b>
(d) Details of shares held by each shareholder holding more than 5% equity shares with voting rights :				
Rahul J Nachane	10,83,450	17.54%	10,83,450	17.54%
Rajesh N Lawande	11,43,811	18.51%	10,64,734	17.23%
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%

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

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

### Note 4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
(a) Capital reserve		
At the beginning of the year	1,50,00,000	1,50,00,000
Additions/(-) Deductions during the year	-	-
At the end of the year	1,50,00,000	1,50,00,000
(b) Securities premium account		
At the beginning of the year	11,73,981	11,73,981
Additions/(-) Deductions during the year	-	-
At the end of the year	11,73,981	11,73,981
(c) General reserve		
At the beginning of the year	19,23,714	25,00,000
Additions/(-) Deductions during the year	-	-
Excess Depreciation of prior period (Ref note 26 (j))	-	-5,76,286
At the end of the year	19,23,714	19,23,714
(d) Amalgamation Reserve Account		
At the beginning of the year	40,04,968	40,04,968
Additions / (-) Deductions during the year	-	-
At the end of the year	40,04,968	40,04,968
(e) Surplus / (-) Deficit in Statement of Profit and Loss		
At the beginning of the year	27,51,70,680	19,18,69,955
Profit / (-) Loss for the year	11,39,82,536	8,33,00,726
At the end of the year	38,91,53,216	27,51,70,680
<b>Total (a + b + c + d + e)</b>	<b>41,12,55,878</b>	<b>29,72,73,343</b>



## Note 5 Long-term borrowings

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Secured (₹)	Unsecured (₹)	Secured (₹)	Unsecured (₹)
(a) Term loans from banks:				
Term Loans from Bank of Maharashtra	-	-	1,39,76,950	-
Vehicle Loan from Bank of Maharashtra	9,77,081	-	14,39,537	-
Vehicle Loan from HDFC Bank	18,19,141	-	-	-
(b) From others				
Capital Subsidy Loan - Development Corporation of Konkan	-	2,87,175	-	2,87,175
<b>Total - Long term borrowings</b>	<b>27,96,222</b>	<b>2,87,175</b>	<b>1,54,16,487</b>	<b>2,87,175</b>

### Terms and conditions of loans

- Term Loans from HDFC Bank are @ 10.65% interest per annum and repayment to be made in 12 monthly instalments, secured by exclusive mortgage & charge on all of the companys assets including moveable & immovable property, hypothecation of inventories and book debts and guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the company.
- Term Loans from Bank of Maharashtra were @ 12% interest per annum and repayment to be made in 60 monthly instalments, secured by exclusive mortgage & charge on all of the companys assets including moveable & immovable property, hypothecation of inventories and book debts and guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the company.
- For Vehicle Loans
  - Bank of Maharashtra Vehicle loan is at 10.50% interest per annum and repayable in 36 instalments and secured by hypothecation of the vehicle.
  - HDFC Bank loan is at 9.98% interest per annum and repayable in 60 instalments and secured by hypothecation.

## Note 6 Deferred Tax Liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
Deferred Tax Liabilities		
At the beginning of the year	1,17,09,012	1,29,35,079
Additions/(-) Deductions during the year	3,96,565	-12,26,067
<b>At the end of the year</b>	<b>1,21,05,577</b>	<b>1,17,09,012</b>
Deferred Tax liability comprises of tax effect of timing differences on account of Fixed Assets - excess of Net Block over Written Down Value as per the provisions of the Income Tax Act 1961	1,21,05,577	1,17,09,012

## Note 7 Short-term borrowings

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Secured (₹)	Unsecured (₹)	Secured (₹)	Unsecured (₹)
(a) From banks:				
From HDFC Bank	12,44,52,901	-	-	-
From Bank of Maharashtra	-	-	9,59,12,658	-
(b) From others	-	-	-	-
<b>Total</b>	<b>12,44,52,901</b>	<b>-</b>	<b>9,59,12,658</b>	<b>-</b>

### Repayment Terms :

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


**Note 8 Trade payables**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
Trade payables:		
Acceptances	2,04,80,550	1,33,05,820
Other than Acceptances	11,60,57,449	15,80,11,479
<b>Total</b>	<b>13,65,37,999</b>	<b>17,13,17,299</b>

**Note 9 Other current liabilities**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
Current Maturities of Long Term Debt	1,67,92,647	2,02,95,646
Payables for Capital Purchases	78,75,609	11,46,523
Unpaid dividends	-	-
<b>Total</b>	<b>2,46,68,256</b>	<b>2,14,42,169</b>

**Note 10 Short-term provisions**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
Provision for Tax (net of advance tax paid)	1,41,12,122	78,63,594
Provision for Employee Benefits	1,50,83,728	1,13,92,082
Other Provisions	28,74,352	16,68,027
<b>Total</b>	<b>3,20,70,202</b>	<b>2,09,23,703</b>

**Note 11 Fixed assets**

Particulars	Gross block				Accumulated depreciation and impairment				Net Block	
	As at 1st April 2015	Addition during the year	Deduction during the year	As at 31st March 2016	As at 1st April 2015	For the year	Additions/(-) Deduction	As at 31 March 2016	Balance as at 31st March 2016	Balance as at 31st March 2015
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>A. TANGIBLE ASSETS</b> (Owned and used for own business)										
(a) Land										
Leasehold	48,19,223	2,72,39,735	-	3,20,58,958	5,98,438	7,51,513		13,49,951	3,07,09,007	42,20,785
(b) Buildings	4,59,02,095	3,37,32,416	-	7,96,34,511	85,43,515	17,98,808		1,03,42,323	6,92,92,188	3,73,58,580
(c) Plant and Equipment	21,16,85,095	2,69,28,649	(43,73,999)	23,42,39,745	9,29,70,777	2,06,31,060	(42,36,874)	10,93,64,963	12,48,74,782	11,87,14,318
(d) Furniture and Fixtures	76,62,828	8,09,872	-	84,72,700	30,61,666	7,26,619		37,88,285	46,84,416	46,01,163
(e) Vehicles	99,00,306	36,31,801	(19,92,420)	1,15,39,687	42,72,562	13,70,853	(17,07,617)	39,35,798	76,03,889	56,27,744
(f) Office Equipment	22,37,183	20,44,779	-	42,81,962	13,09,705	4,19,500		17,29,205	25,52,757	9,27,478
<b>A. Total Tangible Assets</b>	<b>28,22,06,731</b>	<b>9,43,87,252</b>	<b>(63,66,419)</b>	<b>37,02,27,564</b>	<b>11,07,56,663</b>	<b>2,56,98,353</b>	<b>(59,44,491)</b>	<b>13,05,10,525</b>	<b>23,97,17,039</b>	<b>17,14,50,068</b>
Previous year	28,45,51,415	1,46,45,366	(1,69,90,049)	28,22,06,732	9,81,35,175	2,47,25,542	(1,21,04,055)	11,07,56,662	17,14,50,070	18,84,16,241
<b>B. INTANGIBLE ASSETS</b>										
(g) Technical Knowhow Fees	9,05,250	-	-	9,05,250	9,05,250	-		9,05,250	-	-
(h) Computer Software	44,99,618	3,13,800	-	48,13,418	16,50,872	15,25,594		31,76,466	16,36,952	28,48,746
<b>B. Total</b>	<b>54,04,868</b>	<b>3,13,800</b>	<b>-</b>	<b>57,18,668</b>	<b>25,56,122</b>	<b>15,25,594</b>	<b>-</b>	<b>40,81,716</b>	<b>16,36,952</b>	<b>28,48,746</b>
Previous year	35,45,028	18,59,840	-	54,04,868	13,13,833	12,42,289	-	25,56,122	28,48,746	22,31,195
<b>CAPITAL WORK IN PROGRESS</b>	<b>1,09,58,296</b>	<b>4,33,37,945</b>	<b>(3,84,38,128)</b>	<b>1,58,58,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,58,58,113</b>	<b>1,09,58,296</b>
Previous year	-	1,09,58,296	-	1,09,58,296	-	-	-	-	1,09,58,296	-



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

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Depreciation and amortisation for the year on tangible assets as per Note 11 A	2,56,98,353	2,47,25,542
Depreciation and amortisation for the year on intangible assets as per Note 11 B	15,25,594	12,42,289
Depreciation and amortisation relating to continuing operations	2,72,23,947	2,59,67,831

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

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (₹)	Amount (₹)
<b>Long Term Loans &amp; Advances: Unsecured, considered good</b>		
(a) Capital advances	8,43,491	5,03,179
(b) Security deposits	86,98,976	34,85,139
(c) Other loans and advances	1,00,00,000	3,56,50,000
<b>Total</b>	<b>1,95,42,467</b>	<b>3,96,38,318</b>

**Note 13 Current investments**

Particulars	As at 31 <sup>st</sup> March, 2016				As at 31 <sup>st</sup> March, 2015			
	No of	Quoted	Unquoted	Total	No of	Quoted	Unquoted	Total
		Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)
(a) Investment in equity instruments								
Tata Consultancy Services Ltd.	584	1,24,100		1,24,100	584	1,24,100		1,24,100
(b) Investment in mutual funds								
Birla Sun Life Equity fund - Plan B Gr	4,315	20,00,000		20,00,000	2,017	9,00,000		9,00,000
Birla Sun Life MNC Fund Plan B Gr	2,076	12,00,000		12,00,000				
HDFC Equity Fund - Growth	9,880	36,00,000		36,00,000	7,173	24,00,000		24,00,000
HDFC Top 200 Fund - Div Reinvest	98,857	44,25,004		44,25,004	65,645	29,15,038		29,15,038
ICICI Dynamic Plan - Reg Plan Gr	8,253	15,00,000		15,00,000	5,584	10,00,000		10,00,000
ICICI Prudential Dynamic Plan - Cum.	24,389	37,00,000		37,00,000	17,642	25,00,000		25,00,000
ICICI Prudential Sav. fund - Reg Plan Gr	49,660	1,00,00,000		1,00,00,000	49,660	1,00,00,000		1,00,00,000
IDFC Premier Equity Fund - Reg Plan Gr	37,877	26,00,000		26,00,000	14,202	9,00,000		9,00,000
SBI Magnum Global Fund 94 Gr	8,031	10,50,000		10,50,000				
SBI MSFU Pharma Gr	6,217	9,00,000		9,00,000				
<b>Total (A+B)</b>		<b>3,10,99,104</b>		<b>3,10,99,104</b>		<b>2,07,39,138</b>		<b>2,07,39,138</b>
<b>Information about investments</b>								
Aggregate cost value of listed and quoted investments				3,10,99,104				2,07,39,138
Aggregate market value of listed and quoted investments				3,43,38,335				2,49,24,414

**Note 14 Inventories**

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
(At lower of cost and net realisable value)		
(a) Raw materials	2,45,73,827	2,81,54,286
(b) Work-in-progress	5,49,07,362	7,49,62,517
(c) Finished goods	1,94,61,026	1,66,33,386
(d) Fuel & Oil	1,13,293	3,98,205
(e) Consumables	6,45,549	6,07,567
(f) Packing Materials	5,15,012	4,50,783
<b>Total</b>	<b>10,02,16,069</b>	<b>12,12,06,744</b>



**Note 15 Trade receivables**

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
TRADE RECEIVABLES (Unsecured, Considered Good)		
(a) Over 6 months from the date they were due for payment	1,12,50,884	2,26,22,850
(b) Others	31,32,16,274	23,70,41,468
<b>Total</b>	<b>32,44,67,158</b>	<b>25,96,64,318</b>

**Note 16 Cash and cash receivables**

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
(a) Cash on hand	9,06,611	8,01,804
(b) Balances with banks		
(i) In current accounts	32,48,365	62,72,542
(ii) In deposit accounts (Refer Note (i) below)	1,70,01,590	1,15,57,955
<b>Total</b>	<b>2,11,56,566</b>	<b>1,86,32,301</b>

Balances with banks include deposits as detailed below

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
Deposits in Margin Monies	-	-
Deposits maturing in less than one year	-	-
Deposits maturing in over one year	1,70,01,590	1,15,57,955
<b>Total</b>	<b>1,70,01,590</b>	<b>1,15,57,955</b>

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

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
Short Term loans & Advances: Unsecured, Considered Good		
(a) Prepaid expenses	18,69,097	14,47,671
(b) Balances with government authorities	82,22,347	88,38,513
(c) Loans and advances to employees	13,52,149	10,33,717
(d) Advance income tax (net of provision)	58,11,763	17,97,197
(c) Others	33,65,537	66,51,321
<b>Total</b>	<b>2,06,20,893</b>	<b>1,97,68,419</b>

**Note 18 Other current assets**

Particulars 2015	As at 31 March, 2016	As at 31 March,
	Amount (₹)	Amount (₹)
Interest accrued on Bank Deposits	7,49,974	2,65,618
<b>Total</b>	<b>7,49,974</b>	<b>2,65,618</b>



**Note 19 Revenue from operations**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Sale of products	1,02,17,94,763	93,99,79,723
Other operating revenues (Refer Note)	1,45,24,975	1,98,56,850
	1,03,63,19,738	95,98,36,573
<u>Less:</u>		
Duties & Taxes	-7,33,94,711	-7,65,57,404
<b>Total</b>	<b>96,29,25,027</b>	<b>88,32,79,169</b>
<u>Other operating revenues comprise:</u>		
Duty drawback, export incentives and forex gains	1,45,24,975	1,98,56,850

**Note 20 Cost of materials consumed**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Opening stock	2,81,54,286	1,53,50,991
Add: Purchases	38,73,64,404	45,26,73,344
	41,55,18,690	46,80,24,335
Less: Closing stock	(2,45,73,827)	(2,81,54,286)
<b>Cost of material consumed</b>	<b>39,09,44,863</b>	<b>43,98,70,049</b>

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

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
<u>Inventories at the end of the year:</u>		
Finished goods	1,94,61,026	1,66,33,386
Work-in-progress	5,49,07,362	7,49,62,517
	7,43,68,388	9,15,95,903
<u>Inventories at the beginning of the year</u>		
Finished goods	1,66,33,386	1,96,29,540
Work-in-progress	7,49,62,517	4,84,93,258
	9,15,95,903	6,81,22,798
<b>Net (increase) / decrease</b>	<b>1,72,27,515</b>	<b>-2,34,73,105</b>

**Note 22 Employee benefits expense**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Salaries and wages	10,52,52,726	8,44,58,272
Contributions to provident and other funds	45,85,542	49,18,338
Staff welfare expenses	36,23,829	46,47,432
<b>Total</b>	<b>11,34,62,097</b>	<b>9,40,24,042</b>



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

**(a) Long Term Retirement Benefits**

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

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

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Contribution to Provident Fund	38,12,519	32,24,042

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

Actuarial Valuations

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

Actuarial Results (Funded)

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Total number of employees	177	151
Accrued Gratuity Liability	72,10,918	66,32,719
Present value of past liability	46,32,177	42,46,449
Fund Value	47,46,449	42,46,449

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

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

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Amount (₹)	Amount (₹)
Provision for leave encashment	36,91,646	15,03,278





### Note 23 Other Expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Power and Fuel	3,75,45,929	4,06,98,644
Consumable Stores	80,91,247	87,25,260
Packing Materials	97,85,524	83,94,226
Processing Charges	1,07,44,867	66,16,583
Factory Expenses	89,74,376	95,46,519
Water Charges	18,46,587	20,02,618
Repairs to		
Plant & Machinery	2,70,55,845	3,40,42,624
Factory Buildings	32,34,452	49,52,952
Other Assets	34,88,522	7,64,908
Cess Paid	6,82,502	14,26,629
Insurance	42,32,647	53,48,065
Laboratory Expenses	1,55,22,117	1,61,77,772
Payment to Auditors (See note below)	11,50,000	9,25,000
Postage, Telephone & Telegrams	20,41,316	17,03,303
Legal and Professional Fees	70,31,735	45,20,670
Bank Charges and Commission	39,48,921	29,50,958
Rent, Rates and Taxes	66,87,561	26,21,655
Printing & Stationery	21,64,652	19,14,766
Vehicle Expenses	10,03,714	15,25,803
Advertisement & Business Promotion	66,62,052	46,63,898
Commission on Sales	2,69,95,621	3,12,21,660
Travelling Expenses	70,21,330	76,86,891
Freight, Coolie & Cartage	1,58,28,120	1,71,29,396
Miscellaneous Expenses	1,39,16,451	1,06,67,123
<b>Total</b>	<b>22,56,56,088</b>	<b>22,62,27,923</b>

#### Details about payment to auditors

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
(i) <u>Payments to the Statutory Auditors comprises (net of service tax input credit):</u>		
As auditors - statutory audit	7,00,000	7,00,000
For taxation mailers		
For other services		
<b>Total (i)</b>	<b>7,00,000</b>	<b>7,00,000</b>
(ii) <u>Payments to the Cost Auditors comprises (net of service tax input credit):</u>		
Internal Audit Fees	3,60,000	2,25,000
<b>Total (i) + (ii)</b>	<b>10,60,000</b>	<b>9,25,000</b>

### Note 24 Finance costs

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Interest expense on:		
Long term borrowings	35,83,269	64,37,329
Short term borrowings	81,48,634	61,09,626
<b>Total</b>	<b>1,17,31,903</b>	<b>1,25,46,955</b>


**Note 25 Other income**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
Interest income	13,21,880	9,78,902
Dividend income: from current investments	3,33,619	3,34,895
Other non-operating income (net of expenses directly attributable to such income)	3,47,089	-
<b>Total</b>	<b>20,02,588</b>	<b>13,13,797</b>

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

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015		
	Amount (₹)		Amount (₹)		
<b>(a) Contingent Liabilities</b>					
(i) Disputed direct tax*		13,30,507		71,42,270	
<b>(b) Commitments</b>					
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for					
Tangible assets		1,33,47,239		1,33,56,229	
(ii) Other commitments (specify nature)					
Letters of credit established for which goods are yet to be received and provided for		41,47,940		1,03,37,244	
* Net of amounts paid under protest.					
<b>(b) Earnings Per Share</b>					
Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders		11,39,82,536		8,33,00,726	
Weighted average number of equity shares outstanding (Nos)		61,78,024		61,78,024	
Basic and diluted earnings per share of the face value of Rs. 5/- each		18.45		13.48	
<b>(c) Value of imports calculated on CIF basis:</b>					
Raw materials		8,63,24,332		6,30,41,755	
Capital goods		12,64,000		24,32,550	
<b>Total</b>		<b>8,75,88,332</b>		<b>6,54,74,305</b>	
<b>(d) Expenditure in foreign currency:</b>					
Professional and consultation fees		-		-	
Other matters		2,53,61,868		3,85,06,550	
<b>Total</b>		<b>2,53,61,868</b>		<b>3,85,06,550</b>	
		%	Amount (₹)	%	Amount (₹)
<b>(e) Details of consumption of imported and indigenous items</b>					
(i) <u>Raw materials Consumed</u>					
Indigenous	74.9%	29,28,65,707	85.1%	37,42,42,168	
Imported	25.1%	9,80,79,157	14.9%	6,56,27,881	
<b>Total</b>	<b>100.0%</b>	<b>39,09,44,864</b>	<b>100.0%</b>	<b>43,98,70,049</b>	
(ii) <u>Stores and spares Consumed</u>					
Indigenous	100.0%	80,91,247	100.0%	87,25,260	
Imported	0.0%	-	0.0%	-	
<b>Total</b>	<b>100.0%</b>	<b>80,91,247</b>	<b>100.0%</b>	<b>87,25,260</b>	
<b>(f) Earnings in foreign exchange:</b>					
Export of goods calculated on FOB basis		68,77,10,025		66,89,34,431	
Other (Insurance & Freight)		80,75,322		97,08,738	



**(g) Related Parties Disclosures**

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

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

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

- (b) Nature of transaction

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (₹)	Amount (₹)
<b>Expenses</b>		
<b>Rent</b>		
Nupur Remedies Private Limited	18,00,000	18,00,000
Rahul Nachane	18,00,000	-
Rajesh Lawande	18,00,000	-
<b>Laboratory Contract Charges</b>		
Nupur Remedies Private Limited	66,00,000	66,00,000
<b>Managerial Remuneration</b>		
Rahul Nachane	62,01,600	38,27,600
Rajesh Lawande	57,21,600	35,87,600
Narayan Lawande	-	14,83,882
	1,19,23,200	88,99,082
<b>Deposits</b>		
Nupur Remedies Private Limited	3,50,000	3,50,000
Rahul Nachane - Office Deposit	20,00,000	-
Rajesh Lawande - Office Deposit	20,00,000	-

**(h) Segment Reporting**

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

**(i) MSMED Act**

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

- (j) Exceptional item is insurance claim realized by company which was in litigation for last five years.
- (k) Previous years figures have been recast, regrouped and rearranged wherever necessary.

In terms of our report attached.

**For Bharat Gandhi & Co**

Chartered Accountants  
Registration No: 101214W

sd/-

Bharat Gandhi  
Proprietor

Place : Mumbai  
Date : May 20, 2016

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

sd/-  
Ajita Nachane  
**Director**

Rajesh Lawande  
**Executive Director**

Place : Mumbai  
Date : May 20, 2016

sd/-  
Rahul Nachane  
**Managing Director**

Milind Shinde  
**Chairman**



**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 favor 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: .....

Father's/Mother's/Spouse's name: ..... E-mail Id: .....

Occupation: ..... 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:**

- 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.
- The nominee shall not be a Trust, Society, Body Corporate, and Partnership firm, Karta of Hindu Undivided Family and power of attorney holder.
- The shareholder [s] can nominate a minor as a nominee and in that event the name and address of the guardian shall be provided.
- 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.
- 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.
- 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: basicomp@vsnl.com.
- The shareholder[s] can delete or change an earlier nomination by executing Form No. SH-14 (Cancellation or Variation of Nomination form)
- Nomination stands cancelled whenever the shares in the given folio are transferred/ dematerialized. Also in case of change in folio due to consolidation/ transmission a new nomination has to be filed.
- 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.
- 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 Fifth Annual General Meeting – August 31, 2016**

**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 35th Annual General Meeting of the Company on Wednesday the August 31, 2016 at 11.00 a.m.at Hotel Parle International, B. N. Agarwal Commercial Complex, Vile Parle East, Mumbai 400057.

Member's/Proxy 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 2015 -2016 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 2015-2016 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 17 of the Notice of the 35th Annual General Meeting Carefully before Voting electronically.



**NGL FINE-CHEM LIMITED**

Regd Office: 301, E Square Subhash Road, Vile Parle (East), Mumbai-400057

**Thirty Fifth Annual General Meeting – August 31, 2016**

**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: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

2) Name: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

3) Name: \_\_\_\_\_ Address \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_

as per my/our proxy to vote (on a poll) for me/us on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held on Wednesday, August 31, 2016 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**

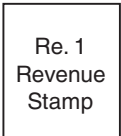
- 1. **Ordinary Resolution** for adoption of Audited Financial Statements for the year ended 31st March, 2016.
- 2. **Ordinary Resolution** for Appointment Mr. Rajesh Lawande who is retiring by rotation and being eligible, offers himself for re-appointment.
- 3. **Ordinary Resolution** Under Section 139 of the Companies Act, 2013 for ratification of Appointment of M/s Bharat Gandhi & Co, Chartered Accountant as a statutory auditor of the Company and fixing their remuneration.

**Special Business**

- 4. **Ordinary Resolution** for ratification of remuneration payable to M/s. Sanghvi Randeria & Associates, appointed as Cost Auditors of the Company for FY 2016-2017.
- 5. **Special Resolution** for Re-appointment of Mr. Rahul Nachane as Managing Director for the term of 3 years.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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



- 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 35th Annual General Meeting.
  - (iii) It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate
  - (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 Fifth Annual General Meeting – August 31, 2016**

### 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 dematerialized 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 31st August 2016, 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 31st March, 2016		
2	Ordinary Resolution for Appointment of Mr. Rajesh Lawande who is retiring by rotation and being eligible offers himself for re-appointment		
3	Ordinary Resolution Under Section 139 of The Companies Act, 2013 for ratification of Appointment of M/s Bharat Gandhi & Co, Chartered Accountants as a statutory auditor of the Company and fixing their remuneration.		
	<b>SPECIAL BUSINESS</b>		
4	Ordinary Resolution for ratification of remuneration payable to M/s. Sanghvi Randeria & Associates, appointed as Cost Auditors of the Company for FY 2016-2017		
5	Special Resolution for Re-appointment of Mr. Rahul Nachane as Managing Director for the term of 3 years		

Place:

Date:

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

- Notes:
- If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
  - Last date for receipt of Assent/ Dissent Form 30th August, 2016 (5.00 pm IST)
  - Please read the instructions printed overleaf carefully before exercising your vote.





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### **General Instructions**

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent. If a shareholder has opted for physical Assent/Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through physical assent/dissent form and e-voting, then vote cast through physical assent/dissent shall be considered, subject to the assent/dissent form being found to be valid and vote cast through e-voting shall be treated as invalid.
2. The notice of Annual General Meeting is dispatch/ e-mailed to the members whose names appear on the Register of Members as on 29th July, 2016 and voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders as on 24th August, 2016.
3. Voting through physical assent/ dissent form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.

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

1. A member desiring to exercise vote by Assent/ Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, at their cost to reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e 5.00 pm on 30th August, 2016 All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.) the completed Assent/ Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/ appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column "FOR" or dissent in the column "AGAINST" by placing a tick mark (v) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent/ Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A member may request for a duplicate Assent/ Dissent Form, if so required and the same duly completed should reach the Scrutinizer not later than the specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent/ Dissent form except giving their assent or dissent and putting their signature. If nay such other paper is sent the same will be destroyed by the Scrutinizer.
9. The Scrutinizers decision on the validity of the Assent/ Dissent Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Assent/ Dissent Forms will be rejected.

**BOOK - POST**



*If undelivered, please return to :*

**NGL FINE-CHEM LIMITED**

301, E Square Subhash Road,  
Vile Parle (East), Mumbai - 400 057.  
Tel: (+91 22) 2663 6450