IN STEP WITH tomorrow

ANNUAL REPORT 19-20

Ngl Fine-Chem Limited

Across the **pages**

Please find our online version at
https://www.nglfinechem.com/investors.html

Or simply scan to download

Investor Information	
Market Capitalisation as at 31st March, 2020	₹ 156.52 Crores
CIN	L24110MH1981PLC025884
BSE Code	524774
Bloomberg Code	NGLF:IN
Dividend Declared	35% of Face Value
AGM Date	14th August, 2020
AGM Mode	VC/OAVM

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

This year's annual report theme embodies our way for **thinking ahead of the curve.**

It describes how NGL Fine-Chem Limited ('NGL' or 'the Company') is developing its product lines to pursue its strategic objectives and achieve accelerated growth. In doing so, it is leveraging its core competencies aided by strengths, to make the most of the burgeoning industry opportunities.

An unwavering focus on our R&D-led innovation, coupled with steadfast execution of strategies, defined by our values have propelled us towards creating consistent value-creation for the stakeholders.

₹ 149.45 Crores
Total Turnover
for the year ended 31st March, 2020

₹ 10.60 Crores
PAT
for the year ended 31st March, 2020

₹ 23.87 Crores
EBITDA
for the year ended 31st March, 2020

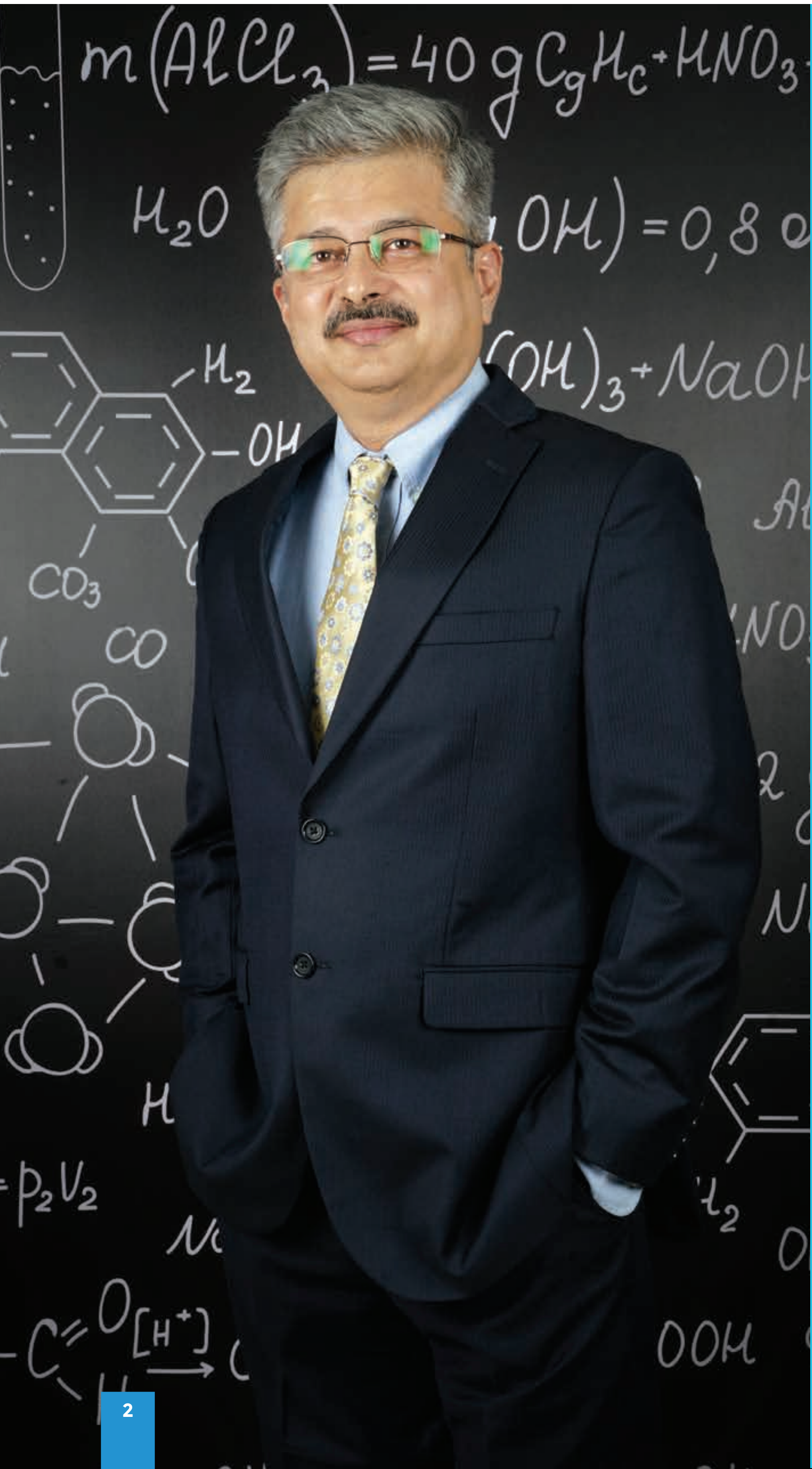
₹ 17.16
EPS
for the year ended 31st March, 2020

7.09 %
PAT Margins

15.97 %
EBITDA Margins

EBITDA: Earnings Before Interest Tax Depreciation and Amortisation. PAT: Profit After Tax . EPS: Earnings Per Share

Managing Director's **Message**



Dear Shareholder,

As I pen down my thoughts for this year's annual performance, the world is still battling against the Covid-19 crisis. The pandemic is increasingly threatening our lives with massive disruptions to supply chains, healthcare systems, economic landscape, and the financial ecosystem on a global scale. At the current moment, it is nearly impossible to quantify the magnitude and duration of such impact, given the fluidity of the situation.

At NGL, we implemented precautionary measures and protocols based on the recommendations from the Government and the health authorities. We have taken precaution to ensure health and safety of our employees and laid down strict SOPs in terms of social distancing and other norms, post the relaxation of lockdowns.

Performance snapshot

During the financial year, we continued to work towards achieving our strategic objectives and focussed on achieving sustainable performance to meet the needs of tomorrow. Our rich experience empowered us to surf through the fierce tides, exhibiting our agility and resilience. We reported net sales turnover of ₹ 149.45 Crores, net EBITDA of ₹ 23.87 Crores and PAT of ₹ 10.60 Crores in 2019-2020. Veterinary APIs accounted for 89% of the overall API sales whereas remaining was contributed by the human APIs, veterinary formulations and others. Exports continued to comprise the large part of our revenue at 74.03%.

I am further happy to state that the brownfield expansion at Tarapur, commissioned in February 2019, has commence commercial production. The validation batches are being undertaken for four products which are at different stages. In addition, we have acquired Macrotech Polychem Pvt Ltd for a consideration of ₹ 7 Crores. We have commenced manufacturing at its facilities and are expecting higher utilisation in the coming years.

Industry – as it stand today

The global API market is estimated to reach US$ 293.5 billion by 2026, growing by over 7% annually between 2020-2026. The growth will be driven by rising needs for medicine and pharmaceutical agents amidst the COVID-19 pandemic. The global animal API market size reached a valuation of nearly US$ 38 billion in 2019 and is expected to witness a CAGR of 12.5% to US$ 61 billion by 2023. Some of key factors of growth includes increase in pet adoption, rise in diseases through consumption of dairy and animal related products.

Where we stand?

We are well-positioned to leverage these opportunities with strong capabilities built over the years. We have consistently provided value proposition to our consumers and gave built long-standing relationships. The strategic priorities necessitates us on concentrating in building our capabilities, utilising our capacities and continue to deliver product offerings across each of the markets. We will also continue to focus on the profitability by exploring opportunities in advanced products across existing and new geographies.

We continue to foster the culture of continuous innovation. We strongly believe that taking small steps today will aggregate into something much bigger in the future. Our businesses are aligned to customers' needs and we contribute to their success through innovative offerings.

We form the best team. Our committed and qualified employees are the key to making our contribution to a sustainable future. Our commitment to be a good corporate citizen pervades our approach to business and we endeavour to act in a responsible, balanced and commercially sensible manner through our CSR activities in the areas of education, women empowerment and healthcare.

We also believe operating responsibly and ethically is vital to our long-term organisational success. Through a continuous focus on strengthening our governance frameworks, building trusted and transparent partnerships and upholding high standards of human rights and ethical conduct, enables us to build a strong credibility about ourselves.

Closing thoughts

I would usually end by looking forward to meeting a number of you at our AGM. However, the emerging new normal does not allow us to hold the meeting in the usual way. Hence, this year, we shall be adopting the video mode of conducting the AGM, first time in the history of our existence. More details on how we propose to hold the meeting and invite shareholder's questions has been included in the AGM notice.

I would like to express my humble gratitude to our Board for their invaluable inputs and contribution. I look forward to their continued support and guidance for many years to come. I would like to take this opportunity to thank all our team members for their hard work over the last year, and the resilience they have shown in the face of the current challenging situation. Thank you to all our stakeholders for their loyalty and faith. As we continue creating value for, we expect your continuous support in the transition to the new normal.

As we look to 2020-21 and beyond, we are in a great position to continue to grow from strength to strength. With a clear and compelling purpose, solid foundation and a well-positioned product portfolio, we shall continue to move ahead as per our long-term goals.

Warm Regards,

Rahul Nachane
Managing Director

Vibrant and Future-Ready **Organisation**

NGL Fine-Chem Limited ('NGL' or 'the Company') began its journey in 1981 and today it is one of the leading manufacturers and exporter of human and veterinary APIs, advanced intermediates and finished dosage forms. We cater to ever-changing needs of clients in India as well as across 40+ countries globally. We are recognised player in custom synthesis of generic APIs and intermediates driven by our strong R&D and innovation. Our manufacturing units are located at Tarapur and Navi Mumbai, Maharashtra.

Our strong foundation and experience enable us to deliver superior products, reach relevant markets quickly and contribute towards improving access to quality and affordable healthcare worldwide.

Vision

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

Our Competencies

- Chiral Reduction using Heterogeneous and Homogeneous Catalysts
- Stereo-selective synthesis
- Handling hazardous/toxic reactions
- High Pressure Hydrogenation
- High Temperature Reactions
- Halogenations
- Diazotization
- Cyanation
- Chlorosulfonation

3 Manufacturing Facilities

42 Countries Presence

280 Total no. of Employees as on 31st March, 2020

290 Clientele Base

19 Veterinary APIs

2 Filings

Total Revenue from Exports Business	74.03%
Total Revenue from Indigenous Business	25.97%

Products to Cater Present and **Future Needs**

At NGL, we firmly believe in building a legacy for the future. Our product offerings are driven by innovation and technologically-advanced facilities that allows us to cater to the varying customer needs.

Our Product Segments:

Active Pharmaceutical Ingredients (APIs) - Human and Veterinary

22

Total no. of APIs

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

Intermediates

4

Total no. of Intermediates

Intermediates are advanced forms of chemicals used to manufacture APIs.

Finished Dosage Forms

10

Total no. of Finished Dosage Forms

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

Manufacturing Capabilities

10,000 m^2
Area of the Manufacturing Facilities

95 m^3
Glass-lined Reactors

164 m^3
Stainless Steel Reactors

12 m3
Gas Induction Reactors

-20°C to +250°C
Reaction Range

Human APIs	2%
Veterinary APIs	89%
Veterinary Formulations	5%
Intermediates	2%
Others	2%

Awards and **Recognition**


DAS CERTIFICATION
Quality Management System
Certificate of Approval
NGL Fine Chem Limited
ISO 9001:2015

ISO 9001:2008 certified by DAS UK.


CERTIFICATE OF GOOD MANUFACTURING PRACTICES

WHO GMP – CDSCO.


Food & Drugs Administration (Maharashtra State)
GMP CERTIFICATE
FDA MAHARASHTRA

GMP certification by FDA, Maharashtra.


Ratings
CRISIL
CRISIL SME Rating

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


ICRA
NGL Fine-Chem Limited
NGL Fine-Chem Limited - Update on Material Event
Summary of Rated Instrument:
Material Event
Impact of the Material Event

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


Ratings
CRISIL

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

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

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

IPF Industrial Excellence Award 2016.

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

Ranked in India’s Top 500 manufacturing Small and Mid Sized companies.

ISO 14001:2015 certified by DAS UK.

ISO 14001:2018 certified by DAS UK.

Financial Express CFO award 2020 – Small Enterprises – Manufacturing Category.

Stakeholders' Engagement

At NGL, we treat all our stakeholders as partners in long-term value creation. We have a robust stakeholder engagement process to foster and nurture relationships, which helps improve our strategy development and decision making. We are working towards delivering on stakeholder needs, interests and expectations.

Stakeholders	Engagement platform	Matter of significance
Shareholders/ Investors	• Annual general meetings • Investor calls • Periodic statutory reports • Press releases	• Strong governance • Ethics • Transparency
Customers	• Emails • Newsletters • Brochures	• Quality of products • Cost-competitiveness • On-time delivery • Research and innovation for catering to emerging needs
Employees	• Internal communications • Employee engagement initiatives • Continuous interaction with management • Appraisals • Grievance redressal mechanism	• Career development opportunities • Availability of training and mentoring • Work conditions, especially safety and security • Rewards and recognitions
Regulatory and Statutory Bodies	• Publish regular compliance reports • Co-operate in conducting statutory audits • Continue to have dialogue with authorities on current legislative and regulatory issues	• Compliance to laws • Accountability
Local Communities	• Community development programmes	• Social Infrastructure, education, healthcare, livelihood support, sanitation facilities and more

Operating Environment

We, at NGL, have structured our strategic roadmap around the goal of delivering strong and sustainable financial performance, while creating sustained value for our stakeholders, responsibly and transparently.

Animal Health Market

The global animal health market size is estimated to reach US$ 73.6 billion by 2027, registering a CAGR of 5.8% (Source: Grand View Research, Inc.). The market is driven by technological advancements in veterinary care, which are anticipated to offer the future growth opportunities.

5.8%

CAGR by 2027

The animal health comprises two segments: Food producing Animal Products (FAP) and Companion Animal Products (CAP). FAP continues to show global growth due to an increased demand for high quality protein production, whereas CAP growth is driven by the pet owners' compassion for their animals, improved nutrition and a wider range of medical products and treatments. With increasing population, there is rise in demand for high quality poultry and fish protein, nutrition, higher spending on pets.

Here are some key strategic objectives that will help us take advantage of opportunities and minimise business risks.

Our Preparedness

Our strategies are designed to respond to the ever-changing environment with speed to bring differentiated and high-quality products to global markets.

Financial Sustainability

Maintain profitability and operational efficiency to enable growth.

Customer Centric Model

We are present across 40+ countries, catering to over 290 customers' evolving requirements. We have built long term strategic relationship with clients.

Innovation

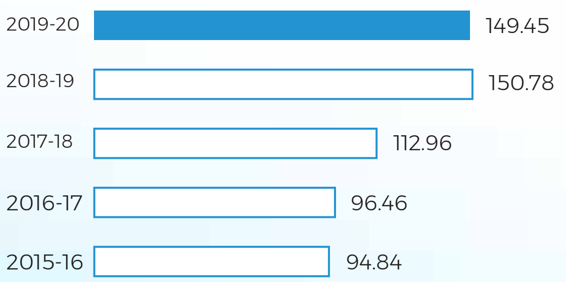
Innovation for us is as much about technology as it is about process improvements, business excellence and a culture that encourages thinking a fresh. Our investments in R&D has consistently driven our product portfolio. During 2019-2020, we initiated the validation for four new APIs.

Manufacturing Capabilities

Our facilities are equipped with cutting edge technology, making us capable and competent to deliver wide array of products.

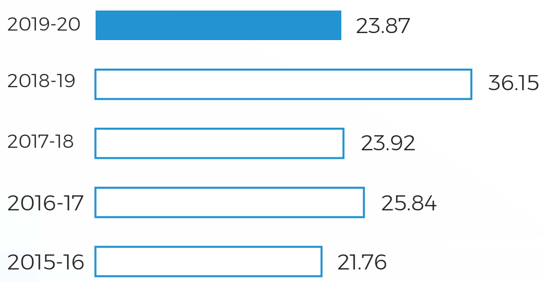
Financial **Highlights**

Sales Turnover (Net)
(₹ in Crores)



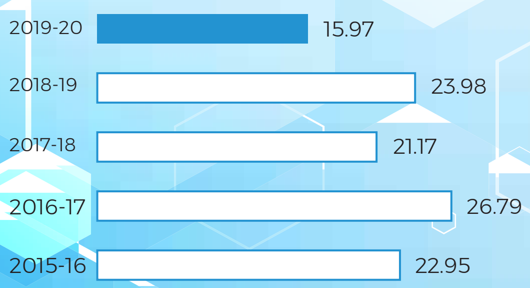
Analysis: *The sales turnover decreased in FY 2019-2020 owing to Covid -19 pandemic and raw material supply issues.*

EBITDA
(₹ in Crores)



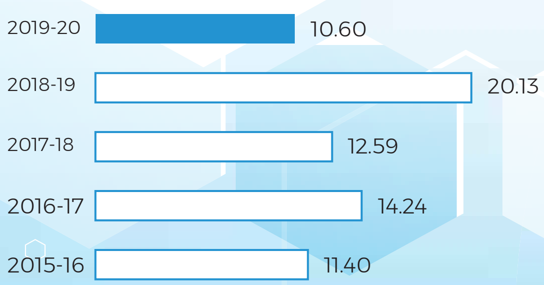
Analysis: *The EBIDTA declined in FY 2019-2020 due to higher operating costs and lower capacity utilisations.*

EBITDA Margin
(%)



Analysis: *The EBIDTA Margin (%) indicates operational profit margins.*

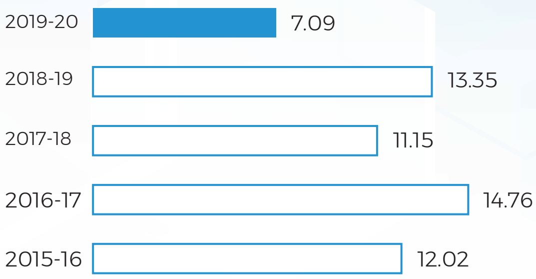
PAT
(₹ in Crores)



Y-o-Y Growth 12.04% | 4 years CAGR (1.80)%

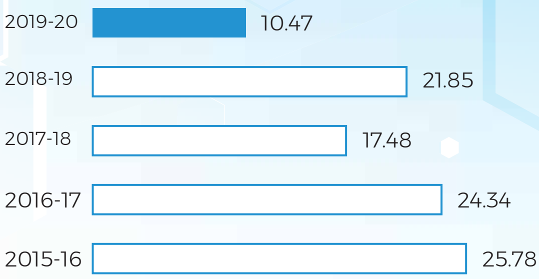
Analysis: *The PAT decreased due to higher operating costs.*

PAT Margin
(%)



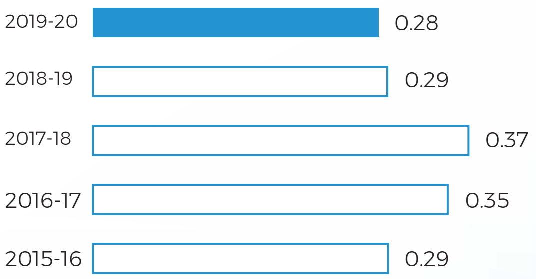
Analysis: PAT margin has decreased along with the profit for the year.

ROE
(%)



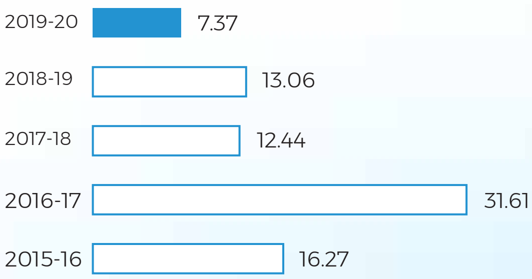
Analysis: The decrease in profits impacted the ROE which is lower at 10.47%.

Debt-to-Equity
(₹ in Crores)



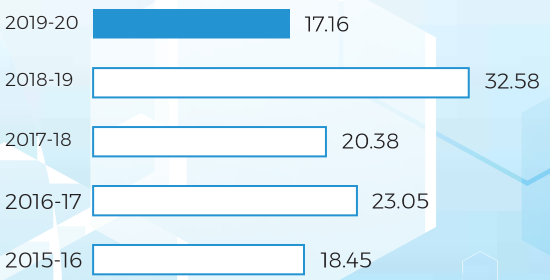
Analysis: *The Company has consistently maintained a lower debt-equity owing to strong fiscal management and efficient utilisation of internal funding in the planned periodical expansions.*

Interest coverage
(₹ in Crores)



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

Earnings per Share
(₹)



Analysis: *The EPS has grown/decline in line with (47.34)%.*

*ROE: Return on Equity. *Y-o-Y: Year on Year.
*CAGR: Compounded Annual Growth Rate.

Rooted to Quality Through Wings of Technology

Quality is the corner stone of our manufacturing process. Our continuous focus on innovation aids in enhancing quality and builds world-class standards of our products. We have adopted various quality control measures across the value chain – from raw material procurement and processing up to the final output.

Our manufacturing sites are equipped with state-of-the-art research labs, kilo labs facility and a pilot plant that helps us deliver highest standards of quality. The manufacturing facilities conform to rigorous quality framework and assurance procedures. Besides, our teams are frequently trained to help them achieve quality excellence and further enhance operational efficiencies.

Our Quality Certifications:

- ISO 9001:2008- SGS UK
- ISO 14001:2015 certified by DAS UK
- ISO 14001:2018 certified by DAS UK
- WHO-GMP-CDSCO
- cGMP
- GMP-FDA Maharashtra

27

No. of R&D team members

CSR & Environment

Our sustainability priorities are driven by regulations and disclosures that aim towards reducing environmental footprint at our manufacturing facilities, ensuring the health and safety of our people, and driving products tewardship across the value chain.

We contributed towards improving the living conditions of communities around us through our CSR activities and ensured that our production processes do not have any adverse impact on the environment around us. Our activities during the year include:

Animal Welfare Camps

The project was sponsored by us, involving the different animal welfare campaigns and activities through the hospital for a month. It supported the activities and campaigns under the 'Animal Welfare Movement' by Utkarsh Global Foundation. It mainly emphasis on several social causes including animal welfare, women's health and empowerment, environmental protection, social justice and empowerment and disaster preparedness, among others. The hospital offers free treatment to stray animals comprising dogs, cats, cows, bullocks, pigs and also birds including pigeons, crows, kites and sparrows.

The activities include:

- Feeding the stray animals
- Medical expenses of strays at Utkarsh animal hospital
- Funding of the Utkarsh animal hospital

We have contributed funds to renowned institutions in 2019-2020 which comprises:

Helping Hand Group	DU Foundation	Human Development Centre Trust (Little Angel School)
Dr.M.D.Rana & Smt K.M.Rana Charitable Trust (Netrajyot Eye Hospital)	North Star Rotary Trust	Rashtra Seva Dal Aple Ghar
Utkarsh Global Foundation	TIMA for Educational Scholarship	Educational Scholarships

Board of Directors

Mr. Rahul Nachane
Managing Director

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

Mr. Rajesh Narayan Lawande
Whole-Time Director & CFO

He has completed his M. Sc from IIT Bombay and PGDM from IIM Lucknow. He joined NGL Fine Chem Ltd in 1999. With over 18 years' experience, he has been shaping the Company's R&D efforts and introducing new markets and customers. He is responsible for R&D, sales and production.

Mrs. Ajita Nachane

Non-Executive Director

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

Mr. Jayaram Sitaram

Independent Director

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

Mr. Milind V. Shinde

Independent Director

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

Mr. K.V. Subramanian

Non-Executive Independent Director

He has a Bachelors degree in Mechanical Engineering and a Masters Degree in Management. He has over 30 years of experience in the Banking Industry at various senior management roles in the field of Investment Banking and Financial Markets. His experience spans across various international financial markets in Middle East, ASEAN and South Asia including India. He is currently a Managing Director at Standard Chartered Bank and is a member of the India Country Management team driving Strategy, Process & Governance & CVO. He is on the Board of all the Standard Chartered subsidiary companies in India and is also on the Board of CDSL Ventures Limited.

Corporate Information

REGISTERED OFFICE

301, E Square, Subhash Road,
Vile Parle (East),
Mumbai 400057,
Maharashtra, India.
Tel: +91 22 26636450
Email: cs@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 400011.
Tel: +91 22 23016761
Email: support@purvashare.com

SECRETARIAL AUDITORS

HS Associates
Company Secretaries

SHARES LISTED AT

BSE Ltd., Mumbai
(Listing fees paid for 2020-2021)
Scrip Code: 524774

COMPANY SECRETARY

Pallavi Pednekar

STATUTORY AUDITORS

Manek & Associates
Chartered Accountants

INTERNAL AUDITORS

R. Devarajan & Co
Chartered Accountants

39th ANNUAL GENERAL MEETING

Date : 14th August, 2020

Day : Friday

Time : 11:00 am

Place : Video Conferencing (VC) or Other Audio Visual Means (OAVM)

NOTICE

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of the Members of NGL Fine-Chem Limited will be held on Friday, 14th August, 2020 at 11:00am through Video Conferencing or Other Audio Visual Means, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement (including Audited Consolidated Financial Statement) for the year ended on 31st March 2020 and the Reports of the Directors and the Auditors thereon.
2. To declare Final dividend for the financial year ended 31st March, 2020.
3. To re-appoint Mr. Rajesh Lawande, Whole-Time Director (holding DIN 00327301) who retires by rotation & being eligible offers himself for re-appointment as Whole-time Director.

SPECIAL BUSINESS:

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

4. For re-appointment of Mr. Jayaram Sitaram (holding DIN: 00103676) as an Independent Director of the Company.

   "**RESOLVED THAT** pursuant to the provisions of Sections 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re- enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force)

   Mr. Jayaram Sitaram (holding DIN 00103676) Director of the Company whose period of office is not liable to determination by retirement of directors by rotation, and who has submitted the declaration that he meets the criteria for Independence as provided under the Act and the Listing Regulations, be and is hereby appointed as an Independent Director of the Company to hold office for further 5 Consecutive years for a term up to 4th August, 2025.

   RESOLVED FURTHER THAT any Director of the Company and/or Mrs. Pallavi Pednekar, Company Secretary of the Company, be and is hereby severally authorised to sign and file the necessary forms and Returns with the Registrar of Companies, Mumbai, and to take such other actions and to do all deeds and things to comply with all the formalities required to be fulfilled in connection with the re-appointment of Independent Director."

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

5. For Appointment of Mr. K.V. Subramanian (holding DIN: 07842700) as an Independent Director of the Company.

   "**RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force)) read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. K.V. Subramanian (DIN: 07842700), who was appointed by the Board of Directors pursuant to Section 161 of the Act and as recommended by the Nomination and Remuneration Committee, as an Additional Director of the Company with effect from February 25, 2020 and who holds office only upto the date of the ensuing Annual General Meeting, and who has submitted the declaration that he meets the criteria for Independence as provided under the Act and the Listing Regulations, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto 24th February, 2025, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company and / or Mrs. Pallavi Pednekar, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

6. To re-appoint Mr. Rahul Nachane, as Managing Director of the Company

   "**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, regulation 17(6) of SEBI (Listing Obligations & Disclosures Requirements), Regulations, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Rahul Nachane as Managing Director of the Company for a period of 5

NOTICE (Contd.)

consecutive years with effect from 1st June, 2020 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of 5 consecutive years from the date of his appointment), with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) for payment of maximum remuneration of ₹ 2,00,00,000/- (Rupees two crores) per annum plus commission of 2.5% of profit including in the event of loss or inadequacy of profits in any Financial Year during the tenure of appointment and to alter and vary terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. Rahul Nachane.

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

RESOLVED FURTHER THAT the Board of Directors of the Company and / or Mrs. Pallavi Pednekar, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

7. To ratify remuneration payable to the Cost Auditor

"**RESOLVED THAT**, in accordance with the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s. Sanghavi Randeria & Associates, Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of Cost Records for the financial year 2020-21, at ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) p.a. plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors or Company Secretary, be and is hereby authorised to do all such acts, deeds and things as may be necessary in their absolute discretion to give effect to this resolution."

NOTES:

1) The ordinary resolution for ratification of Statutory Auditor is not proposed as pursuant to the Companies (Amendment) Act, 2017, the same is omitted w.e.f 7th May, 2018.

2) In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 respectively, the ("the Circulars") issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India, physical attendance of the Members at the Annual General Meeting (AGM) is not required and the AGM can be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) wherein the facility to appoint proxy to attend and cast vote for the members will not be available at the AGM. Accordingly, considering the safety of the members of the Company, the AGM of your Company is being scheduled through audio visual means in compliance with the applicable provisions of the Companies Act, 2013 along with rules framed thereunder and the aforementioned circulars. Hence, Members have to attend and participate in the ensuing AGM through audio visual means.

3) **A Member entitled to attend and vote at the meeting is entitled to Appoint Proxy / Proxies to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.**

4) Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013("the Act").

5) Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate Members intending to authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution/ authorization letter to the Company or upload on the VC portal/ e-voting portal.

6) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updating of Savings Bank Account details to their respective Depository Participants.

NOTICE (Contd.)

Members whose shareholding is in physical mode are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time in line with the Circulars. We urge members to utilise the ECS for receiving dividends. Members holding shares in physical form who wish to avail NACH facility, may submit their bank details viz. Name of the Bank and Branch, their account type and Bank A/c No. with MICR No. and IFSC code along with the copy of cancelled cheque to the RTA at

Purva Sharegistry (India) Private Limited

Shiv Shakti Industrial Estates, Unit No. 9,

7-B J. R. Boricha Marg,

Sitaram Mills Compound,

Mumbai 400011.

Tel: 23016761

Email: support@purvashare.com

7) 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.

8) Members may note that the Board of Directors, in their meeting held on 29th June, 2020 has recommended a final dividend of ₹ 1.75 per equity share of ₹ 5/-. The record date for the purpose of final dividend for fiscal 2020 will be 7th August, 2020. The final dividend once approved by the Members in the ensuing AGM will be paid on or after 20th August, 2020, electronically through various online transfer modes to those members who have updated their bank account details. For Members who have not updated their bank account details, dividend warrants/ demand drafts/ cheques will be sent out to their registered address once the postal facility is available. To avoid delay in receiving the dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialised mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.

9) Members may note that the Income Tax Act, 1961 ("the IT Act") as amended by the Finance Act, 2020, mandates that dividend paid or distributed by the Company after 01st April, 2020 shall be taxable in the hands of members.

10) The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from Saturday, 8th August, 2020 to Friday, 14th August, 2020 (both days inclusive).

11) 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 Agent.

12) An Electronic copy of the Notice of the 39th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent to all the members by email and physical copy of the same will not be made available to the Members of the Company in line with the Circulars. Members may also note that the Notice of the 39th Annual General Meeting and the Annual Report for 2019-20 will also be available on the Company's website www.nglfinechem.com for their download. The aforesaid documents can also be accessed from the website of the Stock Exchange i.e. BSE Limited and on the website of CDSL i.e. www.evoting.india.com

13) 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.

14) Members are requested to send all communications relating to shares, unclaimed dividend, 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: support@purvashare.com

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

15) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members seeking to inspect such documents can send an email to cs@nglfinechem.com.

16) Instructions for Shareholders for remote E-voting are as under:

NOTICE (Contd.)

(i) The voting period begins on Tuesday, 11th August, 2020 at 9.00 a.m. and ends on Thursday, 13th August, 2020 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Friday, 7th August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(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 as displayed and Click on Login.

(vii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and had cast your vote earlier for EVSN of any company/ entity, then your existing password is to be used.

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

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

PAN*

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

Dividend bank details or Date of Birth

Enter the dividend bank details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login

- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction V.

(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. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.

(xii) Click on the EVSN number 200704001 of NGL Fine-Chem Limited on which you choose to vote.

(xiii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.

(xiv) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed password then enter the User ID and image verification code/Captcha Code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

NOTICE (Contd.)

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 15 **days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 15 **days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the Company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Note for Non – Individual Shareholders and Custodians

- Non-Individual 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.
- 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutiniser to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the email

NOTICE (Contd.)

address viz; hs@hsassociates.net, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

OTHER INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

Facility of joining the AGM through VC / OAVM

shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.

Members who need assistance before or during the AGM, can contact CDSL helpdesk.evoting@cdslindia.com or call 1800225533

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

The result declared along with the Scrutiniser's Report shall be placed on the Company's website www.nglfine-chem.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

By Order of the Board

Registered Office
301, E Square Subhash Road,
Vile Parle (East),
Mumbai-400057.
Place: Mumbai.
Date: 29th June, 2020.

Sd/-
Pallavi Pednekar
Company Secretary
Membership No. A33498

NOTICE (Contd.)

ANNEXURE TO THE NOTICE

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

Item No. 4:

Mr. Jayaram Sitaram is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2015. Mr. Jayaram Sitaram is member of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Company.

Jayaram Sitaram holds degree in Bachelor of Engineering from VJTI, a Masters in Engineering from Vilanova University US and MBA from Wharton Business School, University of Pennsylvania. He has over 3 decades of experience in marketing and operations.

Mr. Jayaram Sitaram is not a Director of any other Listed Company. He holds directly by himself 23616 shares and indirectly 5815 shares in the Company.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Jayaram Sitaram being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 4th August, 2025.

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

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

A brief profile of Mr. Jayaram Sitaram, including nature of his expertise, is provided. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Jayaram Sitaram as an Independent Director.

Except Mr. Jayaram Sitaram being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure with the Stock Exchange.

Item No. 5:

Mr. K.V. Subramanian (DIN: 07842700) on the recommendation of the Nomination and Remuneration Committee was appointed as Additional Director with effect from 25th February, 2020 by the Board of Directors, Mr. K.V. Subramanian holds office up to the date of ensuing Annual General Meeting. Mr. K.V. Subramanian possess the requisite knowledge, experience and skill for the position of Independent Director. The Board on recommendation of its Nomination and Remuneration Committee and subject to the approval of members in the ensuing Annual General Meeting has accorded its consent, to appoint Mr. K.V. Subramanian, as Independent Director not liable to retire by rotation. Mr. K.V. Subramanian will not be entitled for any remuneration as per the Company policy for non-executive directors expect sitting fees for attending Board Meetings.

The Company has received notice under Section 160 of the Companies Act, 2013 from K.V. Subramanian signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from K.V. Subramanian. In the opinion of the Board, K.V. Subramanian fulfils the conditions as set out in Section 149(6) and Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for being eligible for his appointment. K.V. Subramanian is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. A copy of the draft Letter of Appointment for Independent Directors is available for inspection through electronic mode, basis the request being sent on cs@nglfinechem.com.

Mr. K.V. Subramanian is Head – Strategy, Process & Governance for Standard Chartered Bank, India. He has over 29 years of banking experience. He has a Master's Degree in Management and a Bachelor Degree in Mechanical Engineering. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of K.V. Subramanian as an Independent Director.

Mr. K.V. Subramanian is not a Director of any other Listed Company. He holds by himself Nil shares in the Company.

Expect Mr. K.V. Subramanian, no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested in the proposed resolution. The Board of Directors recommend passing of the resolution set out in Item No.5 of this Notice.

ITEM NO. 6

Mr. Rahul Nachane was appointed as Managing Director of the Company for a period of three years from 1st June, 2017 in the Board Meeting held on 4th August, 2016 and

NOTICE (Contd.)

shareholders had given their consent in the Annual General Meeting held on 31st August, 2016.

Mr. Rahul Nachane, aged 56 years having over 30 years of industry experience. He is Chartered Accountant. A brief profile of Mr. Rahul Nachane, including nature of his expertise, is provided.

His current term of appointment as the Managing Director of the Company expired on 31st May, 2020. Considering his knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the opinion that for smooth and efficient running of the business, the services of Mr. Rahul Nachane should be available to the Company for a further period of 5 (Five) consecutive years with effect from 1st June, 2020. In terms of the provisions of the Act and the Articles of Association of the Company, the Nomination and Remuneration Committee of the Board and the Board of Directors have, at their meetings held on 22nd May, 2020 appointed him as Managing Director of the Company for a period of 5 (Five) consecutive years with effect from 1st June, 2020.

The main terms and conditions for the appointment of Mr. Rahul Nachane as Managing Director are as follows:-

Name of Director	:	Mr. Rahul Nachane
Designation	:	Managing Director
Date of Appointment	:	Re-appointment w.e.f 1st June, 2020 to 31st May, 2025
Period	:	5 (five) years
Salary	:	₹ 2,00,00,000/- per annum plus commission of 2.5% of profit including in the event of loss or inadequacy of profits with power to Board to vary from time to time within the limits as approved.
Background details	:	Mr. Rahul Nachane, holding DIN No. 00223346 is Chartered Accountant and Master of Management Studies. He is involved in the operations of the Company since 1989 and has over the years gained immense experience and knowledge in the field of Marketing, Finance & Administration. He is full time Director of the Company since 1992. He has experience of over three decades in Management and Administration of the Company.

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

Expect Mr. Rahul Nachane, holding 10,83,450 equity shares and Mrs. Ajita Nachane his relative (wife), no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested in the proposed resolution.

The Board of Directors recommend passing of the resolution set out in Item No.6 of this Notice.

ITEM NO. 7

The Board of Directors of the Company ('the Board') at the meeting held on 29th June, 2020, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Sanghavi Randeria & Associates, Cost Accountant, (Firm Registration No. 00175) to conduct audit of Cost Records maintained by the Company in respect of the financial year 2020-21.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be approved by the Members of the Company. Accordingly, consent of the Members is sought for the remuneration payable to the Cost Auditors.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this resolution.

The Board recommends passing of the Ordinary resolution set out in Item No.7 for your approval.

By Order of the Board

Registered Office
301, E Square Subhash Road,
Vile Parle (East),
Mumbai-400057.
Date: 29th June, 2020.
Place: Mumbai.

Sd/-
Pallavi Pednekar
Company Secretary and Compliance officer
Membership No: A33498

NOTICE (Contd.)

Details of Directors seeking appointment /re-appointment at the Annual General Meeting

Particulars	Jayaram Sitaram	K.V. Subramanian	Rahul Nachane
Date of Birth	20/5/1965	23/9/1965	7/12/1964
Date of Appointment	5/8/2015	25/02/2020	4/1/1993
Qualifications	BE, Master of Engineering, MBA	Mechanical Engineer, Masters Degree in Management	Chartered Accountant, Master of Management Studies
Expertise in specific functional areas	He has 3 decades of experience in Marketing & Operations.	He has 29 years of Banking & governance Experience.	He has over 30 years industry experience.

DIRECTOR'S REPORT

The Board of Directors are pleased to present the Company's Thirty-Ninth Annual Report and the Company's audited financial statements (consolidated and standalone) for the financial year ended 31st March 2020.

1. OPERATING RESULTS

The operating results of the Company for the year ended 31st March, 2020 are as follows:

(₹ in Lakhs)

	Year ended 31st March, 2020 (Standalone)	Year ended 31st March, 2019 (Standalone)	Year ended 31st March, 2020 (Consolidated)	Year ended 31st March, 2019 (Consolidated)
Revenue from Operations	15218.09	15317.43	15168.64	15317.43
Profit before tax from continuing operations	1435.31	2756.65	1207.23	2756.65
Tax Expenses (Including Deferred Tax)	-374.95	-743.97	-373.70	-743.97
Profit after Tax	1060.36	2012.68	833.52	2012.68
Total Comprehensive Income for the year	1038.53	2008.12	811.69	2008.12

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 total revenue from operations of ₹ 15218.09 Lakhs (previous year ₹ 15317.43 Lakhs) resulting in decrease of 0.65% over the previous year. The profit before tax (including other comprehensive income) is at ₹ 1038.53 Lakhs (previous year ₹ 2008.12 Lakhs) resulting in a decrease of 41.40%.

In the expansion project commissioned last year, validation of new products has been undertaken. The process of validation of batches in pharmaceutical manufacture is a time consuming process and takes up to 12-15 months in some cases. The validation of part of the products planned in that facility is completed and the balance are expected to be completed by Q2 2020-21. The Company acquired Macrotech Polychem Private Limited (Wholly owned Subsidiary) on 15th May, 2019.

Due to the Covid 19 pandemic, the Company's operations have been affected. The operations were closed from 22nd March, 2020 as per the Government of Maharashtra directives. Exports were affected from early March 2020 as the pandemic spread across the world and flights and ships were affected. The logistics were partially restored about mid May 2020 and dispatches were resumed. The company's operations were partially normalised in early June 2020. However, disruptions continue to affect the operations due to limitations in transportation of men and materials and are expected to last until the various restrictions continue.

4. DIVIDEND

Your directors recommend dividend of ₹ 1.75 per fully paid up equity share of ₹ 5/- each per fully paid up equity share aggregating to ₹ 108.12 Lakhs.

5. CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required under Regulation 34 of the Listing Regulations, a Cash Flow Statement and consolidated Financial Statement is part of the Annual Report.

6. FUTURE PROSPECTS

In view of the Covid 19 pandemic, the Company expects the current year to be subdued in terms of sales. There is a bit of uncertainty about the recovery and how it will affect the various sectors. Pharmaceuticals have typically been largely unaffected by sectoral cycles. However, with a lockdown of such magnitude which has touched almost every country in the world, the impact on the pharmaceutical industry is also yet to be seen.

Your directors have tried to ensure that the operations of the Company were restored as quickly as possible. The plant was operational from 1st April, 2020 though at very low manufacturing levels due to constraints of men and materials. Production has been slowly increased though still not at optimal levels. The interruptions due to logistical issues and the governments different measures will have an impact until the restrictions are full lifted. Your Directors will strive to ensure that the adverse impact of these occurrences are minimised on the Company.

DIRECTOR'S REPORT (Contd.)

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

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

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

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

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings 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 B** to Director's Report.

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

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

The company has implemented special Covid-19 sanitization and decontamination measures at all the units to ensure safety of personnel operating on premises. Social distancing to mitigate and reduce contact between personnel has also been implemented. Safety at work is the motto that is being followed at all times.

11. INTERNAL CONTROL SYSTEM

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

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

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

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

As per provision of Section 135 of the Companies Act, 2013 read with Rule 8 of Companies Corporate Social Responsibility (Policy) Rules, 2014, the Board has approved CSR Policy and the Company has spent towards CSR activities, details provided in attached **Annexure C** to Director's Report.

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

The particulars of loans given and investment made in subsidiaries has been disclosed in the financial statements in notes 6 and 7 of the standalone financial statements.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee

DIRECTOR'S REPORT (Contd.)

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**

15. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

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

16. ANNUAL RETURN

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

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

During the financial year, the Board had met four times on 24th May, 2019, 31st July, 2019, 14th November, 2019 and 7th February, 2020.

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 31st March, 2020, 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 F** to this report.

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

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on 22nd May, 2020 that the remuneration is as per the remuneration policy of the Company. The policy is available on the Company's website: www.nglfinechem.com

21. DIRECTORS

Mr. Jayaram Sitaram (DIN: 00103676) who was appointed as an Independent Director and who holds office up to 4th August, 2020 and being eligible offers himself for reappointment. Your Directors recommend his re-appointment.

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 his re-appointment.

DIRECTOR'S REPORT (Contd.)

Mr. Rahul Nachane, Managing Director of the Company holds office up to 31st May, 2020 as Managing Director, being eligible offers himself for reappointment. Your Directors recommended his re-appointment as Managing Director.

During the year based on recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Mr. K.V. Subramanian (DIN: 07842700), as an Additional Director with effect from 25th February, 2020 to hold office up to the date of the forthcoming Annual General Meeting. The Board considered the knowledge and experience of Mr. K.V. Subramanian in the areas of banking and governance, while approving his appointment as Independent Director on the Board of the Company. The Board is of the opinion that Mr. K.V. Subramanian, Additional Independent Director possess requisite qualification, experience, expertise and holds high standards of integrity. Being eligible Mr. K.V. Subramanian offers himself to be appointed as Independent Director of the Company. Your Directors recommend his appointment.

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

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 and remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management employees and the Directors appointed shall be of high integrity with relevant expertise and experience so as to have diverse Board and the Policy also lays down the positive attributes/criteria while recommending the candidature for the appointment as Director. The board has on the recommendation of Nomination & Remuneration Committee approved the re-appointment of Mr. Rahul Nachane, as Managing Director for 5 consecutive years, Re-appointment of Mr. Jayaram Sitaram, as Independent Director for second term of 5 consecutive years and Appointment of Mr. K.V. Subramanian, as an Independent Director for 5 consecutive years' subject to approval of members in the ensuing Annual General Meeting.

23. DECLARATION OF INDEPENDENT DIRECTORS

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

24. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

25. RATING

The company has been rated by Crisil Ltd for SME and bank rating. The SME rating has been awarded "SME 1" indicating Highest level of credit worthiness adjudged in relation to other SMEs. The long-term rating is Crisil BBB / Stable and short-term rating is Crisil A3+. The company has also been rated by ICRA Ltd for bank borrowing and long-term rating has been reaffirmed is BBB+(Outlook Long Term rating is Stable) and has reaffirmed the short-term rating is A2.

26. STATUTORY AUDITORS

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

The company has not proposed an Ordinary Resolution for ratification of Statutory Auditor for the Financial Year 2020-2021 because, pursuant to the Companies (Amendment) Act, 2017, the same is omitted with effect from 7th May, 2018.

DIRECTOR'S REPORT (Contd.)

27. INTERNAL AUDITORS

The company has appointed M/s R. Devarajan & Co., Chartered Accountants, Mumbai, (ICAI firm registration number 102415W) as internal auditors for financial year 2020-21.

28. SECRETARIAL AUDITORS

The Company has appointed M/s. H.S. Associates, Company Secretaries, as Secretarial Auditors of the Company to carry out the Secretarial Audit for the Financial Year 2020-21 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.

Secretarial Audit is not applicable to the Subsidiary, not being a material subsidiary.

29. COST AUDITORS

The Company has appointed M/s. Sanghavi Randeria & Associates, as Cost Auditors of the Company for the Financial Year 2020-21.

30. 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. Report of the secretarial auditor is given as an **Annexure G** which forms part of this report.

31. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

32. CORPORATE GOVERNANCE

The Company is committed towards maintaining the highest standards of Corporate Governance and adhering to the ¬Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under regulation 34 (3) and Part C of schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 Obligations and Disclosure Requirements) Regulations 2015 is also published in this Annual Report.

33. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

Macrotech Polychem Private Limited is a wholly owned subsidiary of the Company. The Consolidated Financial Statement of your Company form part of this Annual Report. Annual Report of your Company does not contain the Financial Statements of its Subsidiary. The Audited Annual Accounts and related information of the Company's Subsidiary will be made available upon request. These documents will be available for inspection during all days expect Saturdays, Sundays and public holidays from 10.00 a.m. to 4 p.m. at the Company's Registered Office. Further, a statement containing the salient features of the financial statements of our subsidiary in the prescribed format AOC-1 is appended as **Annexure A** to the Board's report. The Subsidiary Companies Audited Accounts are available on the Company's Website: www.nglfinechem.com. Other than this, the Company does not have any subsidiary, joint venture or associate company as on 31st March, 2020.

34. REPORT ON CORPORATE GOVERNANCE

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

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

The Audit Committee consists of the following members:

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

The above composition of the Audit Committee consists of Independent Directors, viz., Mr. Jayaram Sitaram, Mr. Milind Shinde and Mr. K. V. Subramanian, 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.

36. REPORTING OF FRAUD BY AUDITORS

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

37. ANNUAL EVALUATION BY THE BOARD

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

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

There are no material changes and commitments affecting the financial position of the Company occurred during the financial year, other than the impact of the Covid -19 pandemic which has been covered in this report.

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

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

40. COMMITTEES OF THE BOARD

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

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

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

41. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 was applicable for the business activities carried out by the Company, however, the exemption for requirement for cost audit under these rules was claimed by the Company based on turnover for Financial Year ended 2019 as the revenue from exports, in foreign exchange, exceeded seventy five per cent of its total revenue for the financial year ended 31st March, 2020. Accordingly, such accounts and records are made and maintained by the Company.

42. 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.

43. 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

44. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

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

45. 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.

DIRECTOR'S REPORT (Contd.)

46. 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. The current Covid 19 pandemic has also affected the operations of the Company.

47. 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

Mumbai: 29th June, 2020

Chairman

ANNEXURE A
TO THE DIRECTORS' REPORT

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rupees.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Macrotech Polychem Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	FY 2019-20
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	30,01,900
5.	Reserves & surplus	(3,70,65,723)
6.	Total assets	2,54,78,752
7.	Total Liabilities	2,54,78,752
8.	Investments	-
9.	Turnover	98,68,046
10.	Profit before taxation	(1,88,39,931)
11.	Provision for taxation	66,753
12.	Profit after taxation	(1,87,73,178)
13.	Proposed Dividend	--
14.	% of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - N.A.
2. Names of subsidiaries which have been liquidated or sold during the year – N.A.

Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	N.A.
1. Latest audited Balance Sheet Date	N.A.
2. Shares of Associate/Joint Ventures held by the Company on the year end	N.A.
Amount of Investment in Associates/Joint Venture	N.A.
Extend of Holding%	N.A.
3. Description of how there is significant influence	N.A.
4. Reason why the associate/joint venture is not consolidated	N.A.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.
6. Profit/Loss for the year	N.A.
i. Considered in Consolidation	N.A.
ii. Not Considered in Consolidation	N.A.

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

ANNEXURE B
TO THE DIRECTORS' REPORT

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.

II. Capital investment on energy conservation

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

B. TECHNOLOGY ABSORPTION:

1. Research & Development

I Efforts made towards technology absorption.

The company invests continually in API process development and upgradation. This enables us to launch new products and refine the processes of existing products. At our R & D centre in Mumbai, scientists are engaged in research projects in chemistry, recovery systems and process improvements aimed at cost improvements and new product development. This also enables us to support our customers in their pharmaceutical research and development activities.

II Expenditure on R&D activity.

(₹ in Lakhs)

	2019-20	2018-19
Capital	-	-
Revenue	219.79	142.07
Total	219.79	142.07
As percentage of turnover	1.44%	0.93%

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 ₹ 11064.00 Lakhs

Total Foreign Exchange Used ₹ 1696.49 Lakhs

ANNEXURE C
TO THE DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction

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

ANNEXURE TO CSR POLICY

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
   - Promoting Education, including special education and employment enhancing vocation skills especially among children and livelihood enhancement projects.
   - Empowerment of rural women by strengthening their financial capabilities.
   - Promoting sanitation care by construction of toilets and awareness programs.
   - Provide healthcare by 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 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

2. The Composition of the CSR Committee.

   The Committee shall consist of minimum of three members with at least one being an Independent Director. The present constitution of the CSR Committee is as follows:
   - Mr. Milind Shinde - Chairman
   - Mr. Rajesh Lawande - Member
   - Mrs. Ajita Nachane - Member

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

Particulars	Amount in ₹
2016-2017	22,04,10,603
2017-2018	18,23,14,459
2018-2019	27,55,95,377
Total	67,83,20,439
Average Profit for previous 3 years	22,61,06,813

1. Prescribed CSR Expenditure (two percent, of the amount as in item 3 above): ₹ 45,22,136/-
2. Details of CSR spent during the financial year. ₹ 33,60,965/-
3. Total amount to be spent for the financial year, ₹ 45,22,136/-
4. Amount unspent if any: ₹ 11,61,171/-. The Company scrutinises various projects for which the money can be spent. Based on this scrutiny, the Company shall submit the relevant report in the ensuing year. The Company could not spend the money before finalizing this report as the Company could not identify suitable projects.

ANNEXURE C
TO THE DIRECTORS' REPORT (Contd.)

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

CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1)Local area or other 2)Specify the state and district where the programs and projects are undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or programs Sub heads: 1) Direct Expenditure 2) Overheads	Cumulative Expenditure up to the reporting end	Amount spent Direct or through implementing agency
D U Foundation	Tribal Welfare	Maharashtra	₹ 2,50,000	₹ 2,50,000	₹ 2,50,000	Direct by the Company
Human Development Trust	Education	Maharashtra	₹ 8,70,000	₹ 8,70,000	₹ 8,70,000	Direct
Utkarsh Global Foundation	Health Care	Maharashtra	₹ 5,50,000	₹ 5,50,000	₹ 5,50,000	Direct
Educational Scholarships	Education	Maharashtra	₹ 8,00,000	₹ 7,65,965	₹ 7,65,965	Direct
Dr M D Rana & Mrs K M Rana Charitable Trust	Promoting Health care (Charitable Hospital providing free eye care)	Maharashtra	₹ 6,00,000	₹ 6,00,000	₹ 6,00,000	Direct
North Star Rotary Club	Health Care	Maharashtra	₹ 75,000	₹ 75,000	₹ 75,000	Direct
Rashtra Seva Dal Aple Ghar	Education	Maharashtra	₹ 2,00,000	₹ 2,00,000	₹ 2,00,000	Direct
Helping Hand Group	Health Care	Maharashtra	₹ 25,000	₹ 25,000	₹ 25,000	Direct
Tarapur Industrial Manufacturers Association	Education	Maharashtra	₹ 25,000	₹ 25,000	₹ 25,000	Direct

In addition to the above, the Company also contributed ₹ 7,50,000 to the Maharashtra Chief Ministers Fund which is considered ineligible for CSR expenditure.

ANNEXURE D
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	**NIL**
(a)	Name(s) of the related party and nature of relationship	
(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	Macrotech Polychem Pvt. Ltd.
(b)	Nature of contracts/ arrangements/ transactions	Leasing of property on leave and license basis	Leasing of property	Management consultancy fees	a. Job-work and purchase of raw materials b. Sale of Products & services
(c)	Duration of the contracts / arrangements/ transactions	60 months (1st July, 2015 to 30th June, 2020)	60 months (1st January, 2018 to 31st December, 2022)	60 months (1st April, 2017 to 31st March, 2022)	11 Months (16th May, 2019 to 31st March, 2020)
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 4,96,920/- per month (Rupees Four Lakh Ninety Six Thousand Nine Hundred Twenty Only) from April'19-Jun'2019 and ₹ 5,34,190/- per month (Rupees Five Lakh Thirty Four Thousand One Hundred and Ninety Only) from July 2019- March 2020.	₹ 3,30,000/- per month (Rupees Three Lakh Thirty Thousand Only) from April, 2019 till Dec'2019. ₹ 3,63,000/- per month (Rupees Three Lakh Sixty Three Thousand Only) from Jan'2020 to March, 2020.	₹ 5,50,000/- per month (Rupees Five Lakh Fifty Thousand Only) for the period April'2019 – Mar'2020.	a. ₹ 98,68,046 p.a. (Rupees Ninety-Eight Lakh Sixty-Eight Thousand and forty-six Only) b. ₹ 49,45,200 p.a. (Rupees Forty-nine Lakhs forty-five thousand two hundred only) From 16th May 2019 till 31st March, 2020.
(e)	Date(s) of approval by the Board, if any:	30th January, 2018	30th January, 2018	30th January, 2018	24th May, 2019
(f)	Amount paid as advances, if any	NIL	NIL	NIL	₹ 2,13,35,200

ANNEXURE E
TO THE DIRECTORS' REPORT

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
I	Chemical substances used in manufacture of pharmaceuticals	21001	3.6%
II	Allopathic medicines	21002	95.8%

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
1.	Macrotech Polychem Pvt. Ltd.	U24100MH2004PTC145189	Subsidiary	100%	2(87) of Companies Act, 2013

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, 2019)				No. of Shares held at the end of the year (31st March, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian	--	--	--	--	--	--	--	--	--
a)	Individual/ HUF	--	--	--	--	--	--	--	--	--
b)	Central Govt.	--	--	--	--	--	--	--	--	--
c)	State Govt(s).	--	--	--	--	--	--	--	--	--
d)	Bodies Corp.	--	--	--	--	5,17,871	--	5,17,871	8.38	8.38
e)	Bank/ FI	--	--	--	--	--	--	--	--	--

ANNEXURE E
TO THE DIRECTORS' REPORT (Contd.)

Category of Shareholders		No. of Shares held at the beginning of the year (1st April, 2019)				No. of Shares held at the end of the year (31st March, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f)	Any Other	--	--	--	--	--	--	--	--	--
1.	Directors	29,40,710	--	29,40,710	47.60	29,40,710	--	29,40,710	47.60	--
2.	Directors Relative	11,02,512	--	11,02,512	17.85	11,01,512	--	11,01,512	17.83	-0.02
	Sub-Total (A)(1)	40,43,222	--	40,43,222	65.45	45,60,093	--	45,60,093	73.81	8.36
(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)	40,43,222	--	40,43,222	65.45	45,60,093	--	45,60,093	73.81	8.36
B.	Public Shareholding									
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	5,65,850	34,000	5,99,850	9.71	67,470	8,800	76,270	1.23	-8.48
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	8,81,884	2,53,347	11,35,231	18.38	8,82,467	2,39,547	11,22,014	18.16	-0.22
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,05,895	0	2,05,895	3.33	2,47,718	0	2,47,718	4.01	0.68
c)	Others (specify)									
(c-i)	NON RESIDENT INDIANS (REPAT & NON-REPAT)	82,972	0	82,972	1.34	69,525	0	69,525	1.13	-0.21
(c-ii)	HUF	89,308	0	89,308	1.45	82,474	0	82,474	1.33	-0.12

ANNEXURE E
TO THE DIRECTORS' REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2019)				No. of Shares held at the end of the year (31st March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c-iii) CLEARING MEMBER	18,880	0	18,880	0.31	18175	0	18,175	0.29	-0.02
(c-iv) LLP	1907	0	1907	0.03	670	0	670	0.01	-0.02
(c-v) Foreign Corporate	459	0	459	0.00	594	0	594	0.01	0.00
(c-vi) Trust	300	0	300	0.00	300	0	300	0.00	0.00
(c-vii) Foreign Nationals	0	0	0	0.00	191	0	191	0.00	0.00
Total Public shareholding (B) (B)(1) + (B)(2)	18,47,455	2,87,347	21,34,802	34.55	13,69,584	2,48,347	16,17,931	26.19	0.00
D. Shares held by Custodian for GDRs & ADRs: NIL									
Grand Total (A+B+C)	**58,90,677**	**2,87,347**	**61,78,024**	**100**	**59,29,677**	**2,48,347**	**61,78,024**	**100**	----

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2019)			Shareholding at the end of the year (As on 31st March, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Rahul Jayant Nachane	10,83,450	17.54	_	10,83,450	17.54	_	_
2.	Rajesh Narayan Lawande	11,43,811	18.51	_	11,43,811	18.51	_	_
3.	Sunita Sandeep Potdar	8,92,957	14.45	_	8,92,957	14.45	_	_
4.	Ajita Rahul Nachane	7,13,449	11.55	_	7,13,449	11.55	_	_
5.	Pushpa Narayan Lawande	2,09,555	3.40	_	2,08,555	3.38	_	-0.02
6.	PCI Ferrmone Chemicals (India) Pvt. Ltd.	5,18,971	8.40	--	5,17,871	8.38	--	-0.02
	TOTAL	**45,62,193**	**73.85**	_	**45,60,093**	**73.81**	---	_

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

Sr. No.	Name	Shareholding at the beginning of the year (1st April 2019)		Cumulative Shareholding during the year (31st March 2020)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total shares of the Company
1.	PCI Ferrmone Chemicals (India) Pvt. Ltd.	518971	8.40	517871	8.38
2.	Pushpa Lawande	209555	3.40	208555	3.38

ANNEXURE E
TO THE DIRECTORS' REPORT (Contd.)

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

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year 1st April, 2019		Shareholding at the end of the year 31st March, 2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Namita Bhandare	50,000	0.81	53,500	0.87
2.	Vijaya S	50,200	0,81	50,200	0.81
3.	Vinodkumar Daga	--	--	40022	0.65
4.	Sanjay Jagdish Poddar	35,000	0.57	35,000	0.57
5.	Satya Prakash Mittal (HUF)	37,658	0.61	32,578	0.53
6.	Debashish Neogi	--	--	30,235	0.49
7.	Onkar Singh	25,745	0.42	26,045	0.42
8.	Uphar Homfin Pvt. Ltd.	--	--	24,500	0.40
9.	Radhey Shyam Mittal	23,200	0.38	21,200	0.34
10.	Saffir Anand	21,750	0.35	8,500	0.14

- Figures are as compared to 31st March, 2019.

(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, 2019)		Shareholding at the end of the year. (31st March, 2020)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Rahul Jayant Nachane	10,83,450	17.54	10,83,450	17.54
2.	Rajesh Narayan Lawande	11,43,811	18.51	11,43,811	18.51
3.	Ajita Rahul Nachane	7,13,449	11.55	7,13,449	11.55
4.	Jayaram Sitaram	NIL	NIL	23,616	0.38
5.	Milind Vasant Shinde	NIL	NIL	NIL	NIL
6.	K.V. Subramanian	NIL	NIL	NIL	NIL
7.	Pallavi Pednekar	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	27,16,20,545	--	--	27,16,20,545
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (I + ii + iii)	27,16,20,545	--	--	27,16,20,545
Change in Indebtedness during the financial year				
• Addition	6,40,00,000	--	--	6,40,00,000
• Reduction	-5,33,07,560	--	--	-5,33,07,560
Net Change	1,06,92,440	--	--	1,06,92,440

ANNEXURE E
TO THE DIRECTORS' REPORT (Contd.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	28,23,12,985	--	--	28,23,12,985
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (I + ii + iii)	28,23,12,985	--	--	28,23,12,985

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Rahul Nachane- Managing Director	Rajesh Lawande – Whole-Time Director & CFO	Pallavi Pednekar Company Secretary	Total
1.	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act	85,44,000	84,00,000	3,99,729	1,73,43,729
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	37,76,200	37,76,200	-	75,52,400
	- As % of Profit	2.5%	2.5%		
	- Others, specify	-	-	-	-
5.	Others, please specify (Leave Encashment)	-	-	-	-
	Total (A) (Excluding Leave Encashment)	1,23,20,200	1,21,76,200	3,99,729	2,48,96,129
	Ceiling as per the Act	1,68,00,000	1,68,00,000	N.A.	N.A.

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

B. Remuneration of other Directors:

Particulars of Remuneration	Milind Shinde Independent Director	Jayaram Sitaram Independent Director	Ajita Nachane Non-Executive Director	K.V.Subramanian Additional Independent Director	Total Amount in Rupees
Independent Directors					
• Fee for attending board committee meetings	2,45,000	2,40,000	2,25,000	Nil	7,10,000
• Commission	--	--	--	-	--
• Others, please specify	--	--	--	-	--
Total (1)	2,45,000	2,40,000	2,25,000	Nil	7,10,000
Total Managerial Remuneration	-	-	-	-	-
Overall Ceiling as per the Act	N. A	N. A	N. A	N.A	N. A

ANNEXURE E
TO THE DIRECTORS' REPORT (Contd.)

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)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

ANNEXURE F
TO THE DIRECTORS' REPORT

MEDIAN REMUNERATION

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

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

Name of the directors	Ratio to median remuneration
Non-executive directors	
Mr. Jayaram Sitaram	--
Mr. Milind Vasant Shinde	--
Mrs. Ajita Rahul Nachane	--
Mr. K.V. Subramanian	--
Executive directors	
Mr. Rahul Jayant Nachane	23.60
Mr. Rajesh Narayan Lawande	23.32

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	-21.3%
Mr. Rajesh Narayan Lawande	-21.5%
Mr. Jayaram Sitaram	Nil
Mr. Milind Vasant Shinde	Nil
Mrs. Ajita Rahul Nachane	Nil
Mr. K.V. Subramanian	Nil

c. The percentage increase in the median remuneration of employees in the financial year: **-0.14%**

d. The number of permanent employees on the rolls of Company: **280**

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

The average annual increase was around -0.14 %

Increase in the managerial remuneration for the year was -21.4%

f. 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 22nd May, 2020 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

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

Name	Designation	Qualification	Age (years)	Date of joining	Remuneration paid (₹ Lakhs)	Experience (years)	equity shares (%)
Rahul Nachane	Managing Director	B.Com, A.C.A, M.M.S, D.B.F	56	4th January, 1993	123.20	31	17.54
Rajesh Lawande	CFO & Whole-Time Director	M.Sc. (IIT BOM), PGDBA (IIML)	44	1st June, 2005	121.76	19	18.51

Notes:

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

ANNEXURE G
TO THE DIRECTORS' REPORT

Secretarial Audit Report

Form No. MR-3

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2020.

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

To,

The Members,

NGL Fine-Chem Limited.

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on **31st March, 2020**, 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, 2020 to the extent applicable to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;

II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 **("SEBI Act")** to the extent applicable to the Company: -

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

   b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as effective till 09th November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as effective from 10th November, 2018;

   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   e. The Company has complied with the requirements under the Equity Listing Agreement entered into with BSE Limited.

VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company being in Drugs and Pharmaceuticals Sector as given in **Annexure-1**.

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

a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

b) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015);

c) The Listing Agreements entered into by the Company with the BSE Limited.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

ANNEXURE G
TO THE DIRECTORS' REPORT (Contd.)

exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the audit period:

1. The Company has declared and paid the Final dividend @35% i.e. ₹ 1.75/- per Equity Share for the financial year ended 31st March, 2019 at their Annual General Meeting held on 23rd August, 2019 which was in compliance with the provisions of Section 123 of the Companies Act, 2013 read with Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.
2. The Company has obtained Shareholders approval in the 38th AGM pursuant to
   (i) Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re- enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, for re-appointment of Mr. Milind Shinde (holding DIN: 01593560) as an Independent Director of the Company to hold office for Consecutive 5 years for a term up to 31st March, 2024.

   (ii) Section 196,197, 203 read with Schedule V, regulation 17(6) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereto from time to time or any re-enactment thereof for the time being in force), for payment of revised remuneration not exceeding ₹ 2,00,00,000/- (Rupees Two crores) per annum plus commission of 2.5% of profits to Mr. Rahul Nachane [DIN: 00223346], Managing Director of the Company.

   (iii) Section 196,197, 203 read with Schedule V, regulation 17(6) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereto from time to time or any re-enactment thereof for the time being in force), for payment of revised remuneration not exceeding ₹ 2,00,00,000/- (Rupees Two crores) per annum plus commission of 2.5% of profits to Mr. Rajesh Lawande [DIN: 00327301], Whole-time Director & CFO of the Company.
3. The Company has obtained Shareholders approval in the 38th AGM pursuant to Section 4, 13 and any other applicable provisions of the Companies Act, 2013 ("the Act"), the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the Table A of the Schedule I of the Act for Alteration of Memorandum of Association of the Company as per the provisions of the Companies Act, 2013.
4. The Board's approval was obtained by circular resolution passed on 25th February, 2020 approving appointment of Mr. K.V. Subramanian (DIN: 07842700) as an "Additional Director (Non-executive Independent Director)" on the Board of Directors of the Company with effect from 25th February, 2020 for a term of 5 (five) years upto 24th February, 2025.
5. Pursuant to Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI/HO/CFD/CMD1/CIR/P/2018/0000000149 dated 7th December, 2018, there was an error in submission of shareholding pattern filed for quarter ended 30th June, 2019. The corrected shareholding pattern were filed from quarter ended 30th September, 2019 in which an entity from the "public" group was shown in the "promoter" group, consequently, increasing the promoter shareholding. Some of the shares held by the concerned entity were in physical form which were subsequently dematerialized in the quarter ended 31st March, 2020.
6. Due to non-execution of conveyance deed pertaining to MIDC Land at Mahad, the said leasehold land is yet to be transferred in the name of the Company.
7. The Board did not spend total amount towards Corporate Social Responsibility as required to be spent pursuant to Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
8. During the financial year, the Company has acquired 100% equity shares of Macrotech Polychem Private Limited (CIN: U24100MH2004PTC145189) carrying on the business of manufacturing of basic chemicals for an aggregate consideration of ₹ 07(Seven) crores under a Share Purchase Agreement.

For **HS Associates**
Company Secretaries

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

Date: 29th June, 2020
Place: Mumbai.
ICSI UDIN: F002827B000398079

ANNEXURE G
TO THE DIRECTORS' REPORT (Contd.)

ANNEXURE-1 (A)

Sector Specific Laws as Applicable to the Company.

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

ANNEXURE-1 (B)

To,

The Members,

NGL Fine-Chem Limited.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. This report is based on the data received from the company partially through electronic mode as physical verification of the data and corresponding documents from the month of February 2020 could not be accessed during the course of audit due to the ongoing nationwide lockdown on account of COVID-19 pandemic.

For **HS Associates**
Company Secretaries

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

Date: 29th June, 2020
Place: Mumbai.
ICSI UDIN: F002827B000398079

ANNEXURE H
TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. **Company's philosophy**

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

2. **Board of Directors**

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

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

During the year there were in total four board meetings held on 24th May, 2019, 31st July, 2019, 14th November, 2019 and 7th February, 2020. 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.

Mr. K.V. Subramanian was appointed as Additional Director of the Company by circular resolution on 25th February, 2020.

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 Director-ship	No. of Board Meetings attended	Attendance at the last AGM
R. J. Nachane	MD	4	Yes
R. N. Lawande	WTD	4	Yes
M. V. Shinde	NED	4	Yes
J. Sitaram	NED	4	Yes
A.R. Nachane	NED	4	Yes
K.V. Subramanian	NED	0	NA

1. Directorship only of public limited company is considered
2. MD – Managing Director, WTD – Whole Time Director, NED – Non-Executive Director.

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

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

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

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

Name of the Director	Mr. Jayaram Sitaram
Brief Resume of the Director	Jayaram Sitaram holds degree in Bachelor of Engineering from VJTI, a Masters in Engineering from Villanova University US and MBA from Wharton Business School, University of Pennsylvania. He has over 3 decades of experience in marketing and operations.
Nature of Expertise	More than 3 decades of experience in Marketing & Operations.
Disclosure of relationship inter-se	N.A.
Names of listed companies in which the person also holds the Directorship and the membership of committees of the Board.	Nil
Shareholding	23,616

Name of the Director	Mr. K.V. Subramanian
Brief Resume of the Director	Mr. K.V. Subramanian is Head – Strategy, Process & Governance for Standard Chartered Bank, India. He has over 29 years of banking experience. He has a Master's Degree in Management and a Bachelor Degree in Mechanical Engineering
Disclosure of relationship inter-se	N.A.
Name of listed companies in which the person also holds the Directorship and the membership of committees of the Board	Nil
Shareholding	NIL

Name of the Director	Mr. Rahul Nachane
Brief Resume of the Director	Mr. Rahul Nachane is a Chartered Accountant and Master of Management Studies. He is involved in the operations of the Company since 1989. He is a fulltime director of the Company since 1992. With over 30 years' experience in the pharmaceutical industry.
Disclosure of relationship inter-se	Mr. Rahul Nachane is related to Mrs. Ajita Nachane being relative under provisions of Companies Act, 2013.
Name of listed companies in which the person also holds the Directorship and the membership of committees of the Board	NIL
Shareholding	10,83,450

Disclosure of Relationships between Directors Inter-se

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

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

Sr. No.	Name of Non-Executive Director	Equity Shares held
1	Mr. Milind Shinde	Nil
2	Mrs. Ajita Nachane	7,13,449
3	Mr. Jayaram Sitaram	23,616
4	Mr. K. V. Subramanian	Nil

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 familiarise them with all facets of pharmaceutical manufacturing.

The details of familiarization program can be accessed from the website: www.nglfinechem.com

Skills/Expertise/Competence

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

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

Board Evaluation:

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

Code of Conduct: The Board of Directors has adopted the code of conduct for the directors and senior management and the same has been placed on the company's website: www.nglfinechem.com 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 7th February, 2020 without the presence of the Managing Director & CEO, Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

Core competencies, skills and attributes on Board

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

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

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

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

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

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

Our Independent Directors meet the criteria of Independence as per Section 149(6) of Companies Act, 2013 and Regulation 16 of Listing Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence. The Board confirms that the Independent Directors fulfill the conditions as specified under Schedule V of Listing Regulations and are Independent of the management.

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 as on the date of the report comprises of 2 Non-Executive Independent Directors & 1 Whole-Time Director.

Following are the members of the Committee.

- Mr. Milind V. Shinde – Chairman
- Mr. Jayaram Sitaram – Member
- Mr. Rajesh N. Lawande – Member
- Mr. K.V. Subramanian – Member*

(*Appointed in the Board Meeting held on 22nd May, 2020)

During the year there were in total four Audit committee meetings held on 24th May, 2019, 31st July, 2019, 14th November, 2019 and 7th February, 2020. The attendance of the meetings is given below.

Name of Director	Category of Directorship	No. of Committee Meetings attended
Milind Shinde	NED	4
Jayaram Sitaram	NED	4
Rajesh Lawande	ED	4
K.V. Subramanian*	NED	0

The Chairperson of Audit Committee was present in previous AGM held on Friday, 23rd August, 2019 to answer shareholder's queries.

(*Appointed in the Board Meeting held on 22nd May, 2020)

Invitees / Participants: -

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

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

The role of the audit committee shall include the following:

1 Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2 Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4 Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) significant adjustments made in the financial statements arising out of audit findings;

   (e) compliance with listing and other legal requirements relating to financial statements;

   (f) disclosure of any related party transactions;

   (g) modified opinion(s) in the draft audit report;

5 Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6 Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

7 Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

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.

21 Reviewing the utilization of loans and/ or advances from investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower [including existing loans / advances / investments existing as on the date of coming into force of this provision.]

The Audit Committee shall mandatorily review the following information:

a management discussion and analysis of financial condition and results of operations;

b statement of significant related party transactions (as defined by the audit committee) submitted by management;

c management letters / letters of internal control weaknesses issued by the Statutory Auditors;

d internal audit reports relating to internal control weaknesses;

e the appointment, removal and terms of remuneration of the chief Internal auditor shall be subject to review by the audit committee and

f statement of deviations:

(a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

b. Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee met four times in the financial year 2019-20 on 24th May, 2019, 31st July, 2019, 14th November, 2019 and 7th February, 2020. 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 August 23, 2019. The composition of the Committee and the details of meetings held and attended by the Directors are as under:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Jayaram Sitaram	Chairman & NED	4
Milind Shinde	Member & NED	4
Ajita Nachane	Member & NED	4

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) Devising a policy on diversity of board of directors;

(4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.

(5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(6) To recommend to the Board all remuneration, in whatever form, payable to senior management.

Remuneration Policy

The Nomination and Remuneration Policy devised in accordance with Section 178(3) and (4) of the Companies Act, 2013 is available at the website of the Company: www.nglfinechem.com. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been published below:

Remuneration of Directors

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

Details of remuneration paid to Executive Directors:

(₹ In Lakh)

Name of Director	Mr. Rahul Nachane	Mr. Rajesh Lawande
Designation	Managing Director	Whole-Time Director
Salary	85.44	84.00
Commission	37.76	37.76
Leave Encashment		
Provident Fund & Gratuity Fund	0.22	0.22

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

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

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Non-Executive Directors during the year ended on 31st March, 2020 are given below: -

Sitting Fees

(In ₹)

Name	Mr. Milind Shinde	Mr. Jayaram Sitaram	Mrs. Ajita Nachane
Sitting fees	2,45,000	2,40,000	2,25,000
Remuneration	Nil	Nil	Nil
No. of equity shares	Nil	23,616	7,13,449
Commission	Nil	Nil	Nil
Non-convertible instruments	Nil	Nil	Nil

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

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

c) Stakeholder Relationship Committee

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

The committee looks into the shareholders and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters. The Committee periodically reviews the status of stakeholders' grievances and redressal of the same. The Committee met four times in FY 2019-20 on 24th May, 2019, 31st July, 2019, 14th November, 2019 and 7th February, 2020. 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 August, 23rd, 2019.

The composition of the Committee during 2019-2020 and the details of meetings held and attended by the Directors are as under:

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

Following are the members of the Committee.

1. Mr. Milind Shinde – Chairman
2. Mr. Jayaram Sitaram – Member
3. Mrs. Ajita Nachane – Member
4. Mr. Rahul Nachane – Member

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

Name of Director	Category of Directorship	No. of Committee Meetings attended
Milind Shinde	NED	4
Jayaram Sitaram	NED	4
Ajita Nachane	NED	4
Rahul Nachane	MD	4

The company received one complaint from shareholders during the year which was resolved within the stipulated period. Further, during the year ended on 31st March, 2020 the Company approved transfer of 2,500 physical equity shares of ₹ 5/- each and transmission of 1900 physical equity shares of ₹ 5/-.

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

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.]

d Corporate Social Responsibility Committee

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

The Terms of Reference of the Committee are to: -

a. Frame the CSR Policy and its review from time-to-time.

b. Ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget.

c. Ensure compliance with the laws, rules & regulations governing the CSR and to periodically report to the Board of Directors.

The Committee met once in the FY 2019-20 on 14th November, 2019. The necessary quorum was present for the said meeting. The composition of the Committee during the financial year and the details of meetings held and attended by the Directors are as under:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Milind Shinde	Chairman & NED	2
Ajita Nachane	Member & NED	2
Rajesh Lawande	Member & ED	2

e) Risk Management Committee

Company has voluntarily complied with regulation 21 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 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, 2020, no meeting was held.

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

f) Administrative Committee

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

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

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

4. General Body Meetings:

Financial Year	Date	Time	Venue	Special Resolution(s)
2016-17 AGM	11th August, 2017	11.00 a.m.	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai-400057.	a) Revision in remuneration payable to Mr. Rahul Nachane. b) Revision in remuneration payable to Mr. Rajesh Lawande.
2017-18 AGM	24th August, 2018	11.00 a.m.	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai-400057.	a) Re-appointment of Mr. Rajesh Lawande, as Whole-Time Director of the Company, with effect from June 1, 2018 for a period of 3 years.
2018-19 AGM	23rd August 2019	11.00 a.m.	Hotel Parle International, B.N. Agarwal Commercial Complex, Vile Parle (East), Mumbai-400057.	a) Revision in remuneration payable to Mr. Rahul Nachane. b) Revision in remuneration payable to Mr. Rajesh Lawande. c) Alteration of MOA.

No special resolutions were proposed through postal ballot in the financial year ended 31st March, 2020.

5. Means of Communication

The quarterly/yearly results are normally submitted to Stock Exchanges immediately after Board meetings. The results are also published in **local** English (Free Press Journal) and regional language (Navshakti) newspapers. The results are also displayed at the company's website at www.nglfinechem.com. Matters of material nature are communicated to the stock exchanges.

There are no official news releases.

Company had arranged a conference call with the investors on Friday, 13th December, 2019 and the transcript of the same was sent to BSE and also available on the Company's website www.nglfinechem.com.

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

6. General Shareholder Information

a. The 39th Annual General Meeting is proposed to be held on Friday, the 14th August, 2020 at 11.00 a.m. by video conferencing or other Audio Visual Means.

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

Financial calendar

• Audited annual results of the year	On or before 30th May
• First Quarter results	On or before14th August
• Second Quarter & Half year results	On or before14th Nov
• Third Quarter results	On or before 14th February

c. Dividend

Your directors recommend dividend of ₹ 1.75 per fully paid up equity share of ₹ 5/- each aggregating to ₹ 108.12 Lakhs.

The dividend payment date shall be 21st August, 2020 or onwards, if declared at the Annual General Meeting on 14th August, 2020.

d. Listing of equity shares on Stock Exchanges

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

Listing Fees:

The Company has paid listing fees up to 31st March, 2021 to BSE Ltd. where Company's shares are listed.

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

f. Stock market price data for the year 2019-20 (BSE)

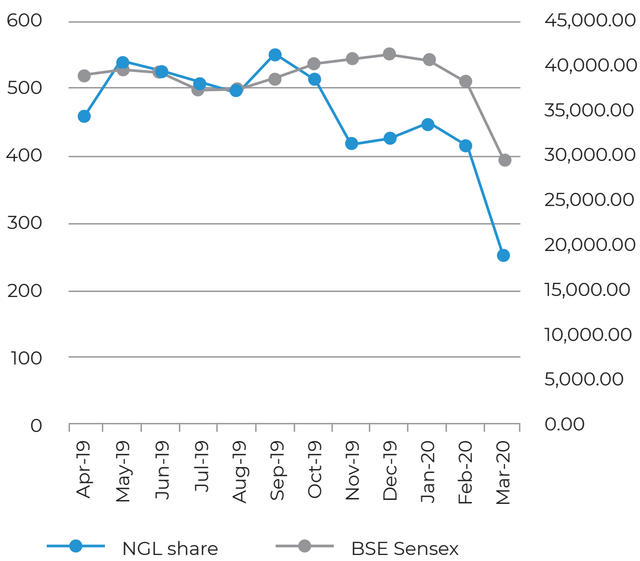
Month	BSE		
	High	Low	Volume of shares traded (Nos)
Apr-19	485.95	436.05	21,976
May-19	620.00	410.25	79,740
Jun-19	575.00	502.65	41,645
Jul-19	557.55	460.00	28,625
Aug-19	510.00	453.05	26,133
Sep-19	565.95	475.00	31,613
Oct-19	559.00	470.30	25,077
Nov-19	544.85	385.60	1,17,037
Dec-19	430.10	401.45	38,346
Jan-20	500.00	420.05	68,262
Feb-20	465.45	399.25	1.00,892
Mar-20	445.00	220.00	1,24,701

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

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

Months	NGL's Share price (₹)	BSE Sensex
Apr-19	458.85	39,031.55
May-19	536.70	39,714.20
Jun-19	525.25	39,394.64
Jul-19	507.55	37,481.12
Aug-19	494.25	37,332.79
Sep-19	549.60	38,667.33
Oct-19	513.95	40,129.05
Nov-19	416.45	40,793.81
Dec-19	424.65	41,253.74
Jan-20	447.70	40,723.49
Feb-20	415.70	38,297.29
Mar-20	253.35	29,468.49

Performance Comparison



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

i. Registrar to an issue and Share Transfer Agent:

The Company has appointed M/s. Purva 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: support@purvashare.com

Share Transfer System

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

j. Distribution of Shareholding as at 31st March, 2020.

No. of shares	No. of Share-holders	% of Share-holders	Share-holding (₹)	% of Share-holding
Up to 5000	4628	95.60	32,71,375	10.59
5001 – 10000	112	2.31	8,32,675	2.70
10001 – 20000	44	0.91	5,92,840	1.92
20001 – 30000	21	0.43	5,29,330	1.71
30001 – 40000	2	0.04	64,040	0.21
40001 – 50000	5	0.10	2,16,735	0.70
50001– 100000	13	0.27	9,07,505	2.94
100001 & above	16	0.33	2,44,75,620	79.23
	4841	100.00	3,08,90,120	100.00

k. De-materialization of shares

As on 31st March, 2020 , 95.98 % of the Company's total shares representing 59,29,677 shares were held in de-materialised form & the balance 4.02% representing 2,48,347 shares in paper form. The details are given below:

Type	No. of Shares	% Shareholding
De-materialised shares		
With N.S.D. L	52,09,635	84.33
With C.D.S. L	7,20,042	11.65
Total demat shares	59,29,677	95.98
Physical shares	2,48,347	4.02
	61,78,024	100.00

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

m. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities. -The Company has not entered into any commodity contracts as on 31st March 2020. Foreign Exchange receivables and payables are re-stated at the exchange rate prevailing on the Balance Sheet date to reflect mark to market valuation. Forward contract on foreign exchange are marked to market on the date of the balance sheet and the gain or loss there in recognised in the Statement of Profit & Loss.

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

n. Plant Location

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

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

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

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

o. Address for correspondence

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

p. Credit rating obtained during the year

The company has been rated by Crisil Ltd for SME and bank rating. The SME rating has been awarded "SME 1" indicating Highest level of credit worthiness adjudged in relation to other SMEs. The Long-term rating is Crisil BBB / Positive (Outlook revised from Stable and rating reaffirmed & Short-Term rating is A3+ (Reaffirmed). The company has also been rated by ICRA Ltd for bank borrowing and has been awarded Long Term Rating as reaffirmed BBB/ Positive (Outlook Long Term rating is Stable) and Short-term rating is A2 reaffirmed.

7. Other Disclosures:

a. Material related Party Transaction

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

b. Details of Non-Compliance:

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

c. Vigil Mechanism and Whistle-Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and the regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization 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

Compliance of Mandatory and Non-Mandatory Requirements:

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

Other Disclosures

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

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

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

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

The Company's Financial Statements are with unmodified opinion.

D. Separate Post of Chairman and Chief Executive Officer

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

ANNEXURE H
TO THE DIRECTORS' REPORT (Contd.)

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

F. Material Subsidiaries Policy:

Material Subsidiaries Policy is not applicable to the company as the Company does not have material subsidiary.

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

H. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – **Not Applicable**.

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

J. The board had accepted recommendations of all committees of the board which is mandatorily required, in the relevant financial year 2019-2020.

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

Audit Fees Paid: ₹ 8.10 Lakh

Other fees paid: ₹ 0.90 Lakh

L. Disclosures in relation to the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year - NIL

b. Number of complaints disposed of during the financial year - NIL

c. Number of complaints pending as on end of the financial year – NIL

M. Discretionary Requirements as per Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board

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

Shareholder Rights

As the quarterly and half yearly, financial performance is published in the newspapers namely Free Press Journal and Navshakti and is also posted on the Company's website, the same is not being sent to the shareholders.

Modified Opinion in Audit Report

The Company's Financial Statements are with unmodified opinion.

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

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

COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS

In accordance with Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st March, 2020.

Sd/-

Date: 29th June, 2020. **Rahul Nachane**

Place: Mumbai. Managing Director

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

We, Rahul Nachane, Managing Director and Rajesh Lawande, Whole Time Director & CFO of the Company, hereby certify that for the financial year, ending 31st March, 2020

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(d) we have indicated to the Auditors and the Audit Committee:

(i) significant changes, if any, in the internal control over financial reporting during the year.

(ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-	Sd/-
Rahul Nachane	**Rajesh Lawande**
Managing Director	Whole-Time Director & CFO

Date: 29th June, 2020.
Place: Mumbai.

COMPANY SECRETARY IN PRACTICE'S REPORT ON CORPORATE GOVERNANCE

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

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2020, 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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, 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

Date: 29th June 2020
Place: Mumbai
ICSI UDIN: F002827B000398090

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

SR. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1.	JAYARAM SITARAM	00103676	05/08/2015
2.	RAHUL NACHANE	00223346	04/01/1993
3.	AJITA NACHANE	00279241	15/09/2014
4.	RAJESH LAWANDE	00327301	01/06/2005
5.	MILIND SHINDE	01593560	31/03/2003
6.	K.V. SUBRAMANIAN	07842700	25/02/2020

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

For **HS Associates**
Company Secretaries

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

Date: 29th June, 2020
Place: Mumbai
ICSI UDIN: F002827B000398101

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The global economy witnessed a muted growth of 2.9% in 2019 owing to a slowdown across developed and emerging economies. There were multiple challenges in the form of the ongoing US-China trade wars, geo political tensions across few economies and overall slowing of investments. Just when the overall global scenario started improving by the end of 2019, the COVID-19 pandemic paralysed the entire world. This led to further slowing down of the economic activities owing to lockdown and restricted business practices. The resultant impact will be visible in the growth rates of economies across the globe, with several countries expecting to witness recessionary trends.

Outlook

The growth outlook entirely depends on the speed at which the COVID-19 outbreak is contained as well as the launch of vaccination. According to World Bank Report, a moderate recovery is forecasted in early 2021, with global growth reaching 4.2% and advanced economies grow 3.9% and EMDEs bounce back by 4.6%. Implementation of supportive fiscal policies and the containment efforts are expected to steadily unwind whilst the pandemic slowly fades.

INDIAN ECONOMY

The Indian economy's growth softened to 4.2% in 2019-20 compared to 6.1% in 2018-19. This slowdown is a combined outcome of factors such as deceleration in consumption, subdued investments, sluggish growth in the manufacturing sector and declining credit growth. In view of these pressures, the Government undertook various measures such as corporate tax cuts, reduction in repo and reverse repo rates and structural reforms. With these changes implemented, the economy was set for a rebound in 2020-21. However, the sudden outbreak of COVID-19 in March 2020, halted the economic activities across the nation, with large supply chains disruptions. As a part of containment measure, the Government announced a nationwide lockdown across phases. The Government further announced several fiscal stimulus measures, worth ₹ 20 Lakhs crores in mid-May 2020 with a central focus of developing a 'self-reliant' India. The stimulus broadly focuses on the five pillars of growth – economy, infrastructure, technology-driven system, demography, and demand. This in turn will increase the private investment, boost liquidity in the market and investment in infrastructure.

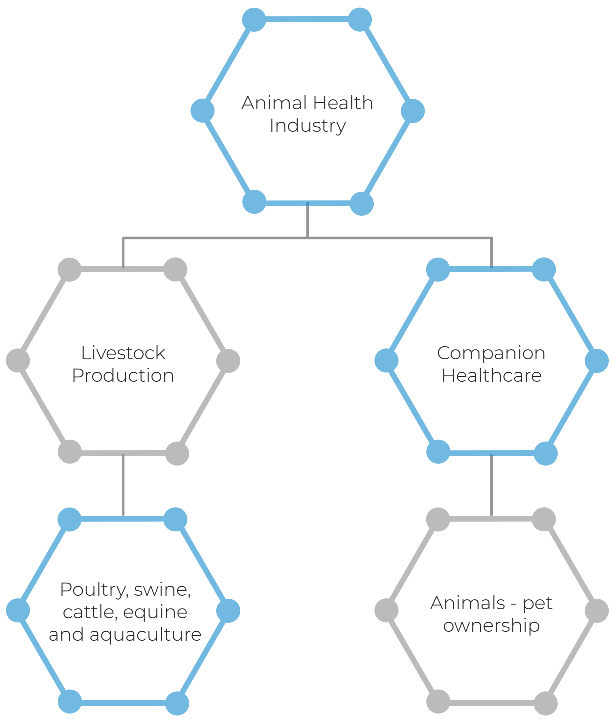
Outlook

According to World Bank Report, the Indian economy is expected to slow down this fiscal (2020-21) with growth ranging between 1.5-2.8%. Measures such as lower corporate taxes for manufacturing units, recognition of MSME segments and overall reforms towards boosting the financial ecosystem, will act as some of the important feeders for the revival.

Global Pharmaceutical Industry

The pharmaceutical industry is one of the world's fastest growing segment and has a larger pie towards contribution to the overall world economy. The market size is expected to decline marginally in 2020, from the pre-COVID-19 outbreak projection of US$ 1,316 billion by 2020 to US$ 1,310 billion, (Source: Globe Newswire). The industry faced severe supply-chain disruptions of the Active Pharmaceutical Ingredients (API). Since China is the world's largest API supplier and India being one of the largest manufacturers of generic drugs, imposition of trade restrictions and export quotas in these two countries crippled the cross-border movement of essential drugs.

The global animal healthcare market is poised to grow by US$ 7.98 billion during 2020-2024, progressing at a CAGR of over 4% (Source: Business Wire). The demand estimates are pre-Covid pandemic and the actual demand growth is likely to be lower. The increasing investments of central and state bodies in animal care and veterinary treatments has emerged as an integral driver of demand across this market. The quest of environmentalists and activists to create safe spaces and shelters for animals and growing propensity to adopt pets has become a visible trend. Furthermore, the COVID-19 pandemic is largely believed to have come from animals, although research is still underway. This has generated a sense of alarm and information amongst the masses. The people have become more particular about getting their pet vaccinated, and several countries are looking at amending laws pertaining to animal care.



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Animal health is the intersection of two large and growing industry sectors - pet care and livestock production. The relevance of livestock and companion health has been increasing substantially driven by increasing population, rise in per capita income and demand for protein-rich foods. The rising incidences of zoonotic diseases and increasing role of organic tracing elements for improving livestock production is anticipated to boost the growth of the animal healthcare market. Zoonotic disease in most medical cases of human infections are transmitted from livestock.

Indian Pharmaceutical Industry

The Indian pharmaceutical industry is the world's third largest drug producer by volume and the country's market manufactures 60 percent of vaccines globally for DPT, BCG and measles (Source: European Pharmaceutical Review). The industry has significant competitive advantages, including the availability of a large labour pool and advanced technologies that enable high regulatory standards of markets like the US and European countries to be met.

Indian pharmaceutical market nearly imports 70% of its bulk drugs and intermediaries from China. This has impacted most generic drug makers in the country to suffer raw material shortage due to the pandemic. As a result, the Government announced ₹ 140 billion fund to set up three drug manufacturing hubs, while identifying 53 key APIs. The Government is looking to push local manufacturing of pharmaceutical ingredients, making India an alternative supplier to global drug makers hit by factory shutdowns in China. Indian pharma companies are expected to do well due to their scale, cost advantage, and a preference for increased sourcing from India.

Opportunities

The growth has been influenced by the opportunities in all categories of animal healthcare products and services. The animal healthcare is a rapidly flourishing industry catering to the needs of several livestock and companion animal species. The rising prevalence of zoonotic diseases, technological advancements such as the integration of the Internet of Things (IoT) with animal health monitoring solutions, coupled with the increasing utilization of mobile sensors and wearables to monitor animal behaviour and health, are also driving the market growth. Additionally, the widespread adoption of feed additives, which aid in enhancing the overall animal health while improving the quality of the produce, including milk, meat and eggs, is creating a positive outlook for the market.

Key Regions

North America: The animal healthcare market is poised to expand at a robust pace to US$ 70 billion by 2026. The growth in this segment is attributed to rising pet adoption, a significant need for vaccination, a suitable diet, medicines, generic drugs, and surgeries.

Europe: The animal healthcare market is estimated to witness over 3.5% CAGR to reach US$ 74,657 million by 2026 on account of increasing incidence of food borne and zoonotic diseases occurred due to livestock or companion animals. The increasing pet ownership and growing healthcare concerns of pets, further compels the growth of animal healthcare market.

Asia Pacific: The animal healthcare market is projected to be valued at US$ 56,831 million by 2026, witnessing a CAGR of over 5.1%. The increasing number of animals for milk, meat, transportation, among others compels growth of the market. In addition, rising awareness among owners to maintain health and nutrition of the animals further drives market growth in the region.

China: The animal healthcare market is poised to grow owing to increasing consumer demand for quality meat products and risk of zoonotic diseases and Government initiatives to ensure health of livestock suffice growth in the market.

India: Ranked as the largest producer of cattle, chicken and fish. The increasing awareness about animal health is the predominant element for the rising demand of animal healthcare products.

(Source: Marketwatch, Graphical Research)

Threats

- Technology obsolescence can impact the business models, operations, workforce needs as well as lead to higher cybersecurity risks
- Strict regulatory guidelines and complex procedures for obtaining approval and licensing of animal healthcare products

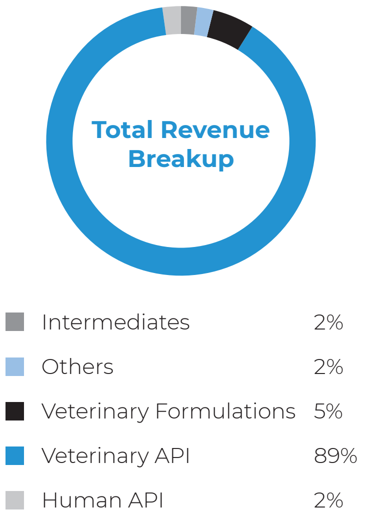
COMPANY OVERVIEW

Established in 1981, NGL Fine-Chem Limited manufacturers and markets APIs, Intermediates and Finished Dosage forms for human and animal pharmaceutical product. It caters to various Indian and global companies with high quality and reliable products. Majority of the revenue comes from exports, accounting to around 74.03% of sales. The Company is a reputed player in the market and offers value-added innovative products to cater to the customers' need. The commitment is reflected in terms of number of long-standing relationships with the clients owing to high quality standards and cost competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Product-wise Performance

The Company's major revenue comes from the API segment. It manufactures over 20 APIs in the veterinary division. These ingredients are used in different therapeutic categories such as ecto paraciticides, anthelmintic, growth nutrients and endo paraciticides, among others. It also manufactures three APIs for human health used in antidiarrheal, angina and anti-malarial treatment.



Financial Performance

(₹ in Crores)

Particulars	2019-20	2018-19
Sales Turnover (Net)	149.45	150.78
R&D Cost	2.19	1.42
EBIDTA	23.87	36.15
PBT	14.35	27.57
PAT	10.60	20.13
Total Asset	155.54	142.19
Earnings per Share (EPS) (in ₹)	17.16	32.58

The Company's total income has decreased by 0.88%. Whereas, EBITDA stood at ₹ 23.87 Crores in 2019-20 and PAT was ₹ 10.60 Crores during the year. R&D cost has increased to ₹ 2.19 Crores in 2019-20. EPS has decreased to ₹ 17.16 in 2019-20 from ₹ 32.58 in 2018-19. The sales were affected by the Covid-19 pandemic during March 2020 due to severe logistical issues. Profits are lower main on account of increased operating costs while the sales from the new expansion are yet to come in.

Ratio Analysis:

Financial Parameter	2019-20	2018-19	% Change
Debtors Turnover	5.27	5.05	4.41%
Inventory Turnover Ratio	3.02	3.61	-16.33%
Interest coverage Ratio	7.37	13.06	-43.52%
Current Ratio	1.93	1.87	3.27%
Debt Equity Ratio	0.28	0.29	-5.39%
Operating Profit Margin Ratio (%)	11.11%	19.80%	-43.88%
Net Profit Margin Ratio (%)	7.09%	13.35%	-46.87%
Return on Net worth (%)	10.47%	21.85%	-52.07%

Operational Performance

The brownfield expansion at Tarapur was commissioned in February 2019 is now in operation and validation process was undertaken. The validation of part of the products planned in that facility is completed and the balance are expected to be completed by Q2 2020-21. Further, it will continue to lay emphasis on increasing operational efficiency by enhancing API process development and upgradation. There was increase in the fixed costs, although the basic business model remains strong and anticipate that sales will pick up going forward.

Impact of Covid-19 and Strategies

1. **Impact of the Covid-19 pandemic on the business:**

   Our plants were shut from 22nd March, 2020 till 31st March, 2020 as per the government lockdown measures. From 1st April, 2020 we re-opened the plants in line with the government directive allowing essential services to re-start manufacturing. However, capacity was substantially constrained due to disruption in material and people movements. The capacity utilization was improved from May 2020 onwards but availability of personnel and disruptions due to material movement issues are expected to last until the restrictions on account of lockdown are lifted.

2. **Ability to maintain operations including the factories/units/office spaces functioning and closed down**

   Factories: Our plants in Tarapur and Navi Mumbai are operating currently. Due to restrictions on people movement the capacity utilization is currently at

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

about 60-70%. Export and domestic sales have resumed and have been regularised from May 2020, except for air dispatches which are still hampered due to restrictions on flights from the country.

Office & Laboratory: Our office and Laboratory in Mumbai has opened from 8th June, 2020 and is now operating with 10% staff. Rest of the personnel work from home.

3. Schedule for restarting of operations

Operations have already been commenced as stated earlier.

4. Steps taken to ensure smooth functioning of operations

Preventive measures have been implemented for ensuring safety of manpower and these include sanitization of premises, personal hygiene, social distancing, etc.

5. Estimation of the future impact of Covid-19 on operations

The impact of Covid-19 will probably last for the entire year. Ability to scale up operations depends on the manner and speed at which the government scales down restrictions on movement of people and the rate at which the pandemic is controlled. In view of mitigation measures taken to minimise the impact of COVID-19, we do not anticipate any significant impact on operations.

6. Details of impact of Covid-19 on factors stated below

(i) Capital and financial resources: We have adequate capital and financial resources for our business needs

(ii) Profitability: We do not expect any major impact on profitability due to Covid.

(iii) Liquidity position: Liquidity is maintained in the Company

(iv) Ability to service debt and other financing arrangements: The company has availed of the moratorium offered by the bank to conserve liquidity. Initial moratorium of 3 months starting from March 2020 has now been extended to 6 months as per RBI guidelines.

(v) Assets: Assets have their realizable value and no impairment is expected due to this pandemic

(vi) Internal financial reporting and control: The internal financial reporting checks and controls are in place and operational.

(vii) Demand for products: The Demand for products is stable but future uncertainty cannot be ruled out.

7. Existing contracts/agreements where non-fulfilment of the obligations by any party and its impact on the Company's business

We do not have any such contracts which may have a significant impact on business

Risk Management

In today's rapidly changing business environment, risk management becomes a top priority for the organisations. While guarding against any eventuality, at the same time being able to extract maximum benefit out of favourable conditions, NGL has in place well-defined systems and policies to ensure prudent risk management across the organisation. The Company follows a risk management framework, where the risk committee meets regularly to identify imminent and potential risks, as well as documenting risk mitigation measures to eliminate or reduce the event. These comprise:

Nature of Risks	Risk Definition and Impact	Mitigation Strategies
Disruption and Uncertainty in Business due to Covid-19 pandemic	Adversely impacted the operations	• Restarted plants at the earliest opportunity • Arranged for transportation of personnel • Safety measures implemented to ensure hygiene and containment
Product Portfolio Risk	Focusing on only single product or single therapeutic segments can render into changing affluences for any company	• Strong R&D capability • Manufacturing wide range of product under each segment
Geographical Risk	Exports to foreign countries are vulnerable to exchange rates fluctuations which could impact margins	• Robust currency hedging strategies and insurance

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Nature of Risks	Risk Definition and Impact	Mitigation Strategies
Competition Risk	Competition in domestic and international markets can affect market presence	• Offering customers high quality products • Building economies of scale in manufacturing • Cost improvement initiatives and enhancing processes
Environment, Safety & Health Risk	Subject to stringent health, safety and environmental laws, standards and regulations from Government and Non-Governmental bodies around the world	• Zero liquid discharge at one of its units • Continuous training and awareness initiatives

Human Resource

NGL believes that its ability to attract, motivate, develop and retain talent is imperative for its continued success. The Company's HR strategy is focused on attracting the best talent, reskilling and transforming the workforce and providing a healthy and safe workplace. The progressive policies, continual investment in upgrading employees' skills of its workforce will enable them to stay ahead in the markets. Over the last many years, NGL has been investing in a work culture which is based on role clarity, mutual respect and teamwork, besides being performance driven. The Company has strategically invested in people and processes to drive this culture, and to try and make every employee feel empowered. It has a growing team of 280, as on 31st March, 2020.

Internal Control System

The internal control systems are designed with an objective to monitor and control its day-to-day operations through regular tracking and reporting. It also enables to effectively monitor compliance to various rules and regulations, and adherence to policy requirements. It adheres to local statutory requirements for orderly and efficient conduct of business, safeguarding of assets, the detection and prevention of frauds and errors, adequacy and completeness of accounting records, and timely preparation of reliable financial information. The efficacy of the internal checks and control systems are validated by internal auditors.

Cautionary Statement

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

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To,

The Members,

NGL FINE-CHEM LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **NGL FINE-CHEM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

In view of the Covid-19 pandemic situation and the nationwide lockdown imposed by the government, our attendance at the physical inventory verification done by the management was impracticable and we have therefore, relied on the related alternate audit procedure to obtain comfort over the existence and condition of inventory at year end.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Report	How was the matter addressed in our audit
Revenue Recognition Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue is measured based on transaction price, which is the consideration, adjusted for rebates, discounts and incentives as also estimated sales returns. Revenue is one of the key profit drivers and therefore, accounting of revenue is considered as a key audit matter. [Refer Note 2.07 to the financial statements]	**Our audit procedures, among other things, included the following:** • Considered the appropriateness of the Company's accounting policies regarding revenue recognition • Testing controls, automated and manual, around dispatches/ deliveries/shipments inventory reconciliations and process of confirmation of receivable balances, testing for cut-offs and analytical review procedures. • Assessed the disclosures in accordance with the requirements of Ind AS 115 on "Revenue from Contracts with Customers".

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit Report	How was the matter addressed in our audit
Valuation of inventories The Company has complex product manufacturing process and thus, the overhead absorption over each process is quite complex and more particularly, to have the basis of absorption. The Company has worked out the overhead absorption cost rate based on the consumption of electricity of each process and apply the same for all other overheads. Due to significance of arriving at the overhead absorption rate for the valuation of inventories, it is considered to be a key audit matter. [Refer Note 2.06 to the financial statements]	**Our audit procedures, among other things, included the following:** • Evaluated the appropriateness of the basis applied to arrive at the overhead absorption rate; • Examined the workings of the absorption of over heads to arrive at the cost of inventories. • Our audit methodology involves process adopted to ascertain and evaluate the methods used are reasonable and absorbs overheads in an appropriate & logical manner. • Assessed the disclosures in accordance with the requirements of Ind AS 2 on "Inventories".
Allowance for Expected Credit Loss of Trade Receivables Provision for impairment by way of Allowance for Expected Credit Loss (ECL) of Trade Receivables require – • the appropriateness of accounting policies for determination of Allowance for ECL; • operational procedures and systems of internal control in estimation of ECL. • estimation of expected losses and appropriate assumptions and significant judgments on the recoverability of receivables; • the completeness, accuracy, relevance and reliability of historical information; • the Company's overall review of the estimate; and • the clarity and reasonableness of related ECL disclosures. In view of the determination of the basis and quantum of Allowance of ECL, it is a significant item in the financial statements and hence, considered to be a key audit matter. [Refer Note 2.15 to the standalone financial statements]	**Our audit procedures included, among others, the following :** • Obtained sufficient and appropriate audit evidence about whether policies, operational procedures, internal control systems and other relative assumptions for estimation and determination of Allowance for ECL are reasonable. • Objectively evaluated the estimates made in the broader context of the financial statements as a whole; • Assessed the estimates and assumptions adopted by the Company in determining the need to recognize a provision and, where applicable, its amount; • Evaluated the completeness of disclosures in respect of Allowance for Expected Credit Loss.

Acquisition of 100% equity interest in Macrotech Polychem Private Limited on 15th May, 2019.
During the year, the Company had acquired 100% equity shares of Macrotech Polychem Private Limited on 15th May, 2019. Accounting for the acquisition has involved judgment in order to:
• determine whether the acquisition constitutes a business;
• identify and measure the fair value of the identifiable assets acquired and liabilities assumed;
• allocate the purchase consideration between identifiable assets and liabilities and goodwill;
This is a material acquisitions for the Company and given the level of estimation and judgement required, we considered it to be a key audit matter.
The most significant judgements relate to the identification and valuation of intangible assets acquired.
This includes complex valuation considerations and requires the use of specialists.
[Refer Note 50 to the consolidated financial statements.]
	Our procedures included but were not limited to:
	• We examined the terms and conditions of the shares purchased agreement.
	• We tested the completeness of the identified assets and liabilities acquired, through discussion with the management.
	• We assessed the Company's determinations of fair values for assets and liabilities acquired and the methods used to value the underlying assets by:
	  • Reading the valuation report prepared by the appointed external valuation specialists.
	  • Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit Report	How was the matter addressed in our audit
Adoption of Ind AS 116 Leases As described in Note 2.19 to the financial statements, the Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has leases with different contractual term Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the leaseterm. Additionally, the standard mandates detailed disclosures in respect of transition. [Refer Note 2.19 to the financial statements]	**Our audit procedures on adoption of IND AS 116 includes:** • Assessed and tested new processes and controls in respect of the lease accounting standard(IND AS 116) • Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business • Involved our expertise to evaluate the reasonableness of the discounting rate applied in the lease liability • Upon transition as at 1st April,2019: i) Evaluated the method of transition and related adjustment. ii) Tested completeness of the lease data and examined if there were any material impact on the method adopted by the Company. • We performed the following procedures: i) assessed the key terms and conditions of each lease with the underlying lease contracts and ii) evaluate computation of lease liabilities. • Assessed and tested the presentation and disclosure relating to IND AS including disclosures relating to transition if any.

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

INDEPENDENT AUDITOR'S REPORT (Contd.)

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

INDEPENDENT AUDITOR'S REPORT (Contd.)

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

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

e) On the basis of the written representations received from the directors as on March 31st, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31st, 2020 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

   (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements- Refer Note 34 to the Standalone Financial Statements.

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

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

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

For **MANEK & ASSOCIATES**
Chartered Accountants
Firm's registration number: 0126679W

Sd/-
SHAILESH MANEK
Proprietor
Membership number: 034925
UDIN: 20034925AAAACT4330

Mumbai
Dated: June 29th, 2020

ANNEXURE - A
TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **NGL FINE-CHEM LIMITED** ("the Company") as of 31st March, 2020 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.

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

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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **MANEK & ASSOCIATES**
Chartered Accountants
Firm's registration number: 0126679W

Sd/-
SHAILESH MANEK
Proprietor
Membership number: 034925
UDIN: 20034925AAAACT4330

Mumbai
Dated: June 29th, 2020

ANNEXURE - B
TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over three years. In accordance with this programme, certain fixed assets were verified during the year and the material discrepancies which were noticed have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets.

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

Type of Asset	Total No of cases	Leasehold/ Freehold	Gross Block as on 31st March,2020	Net Block as on 31stMarch,2020	Remarks
Land-FS/5 MIDC Additional Mahad Industrial Area	1	Leasehold	36,94,875	32,31,770	Conveyance deed pending to be executed. The Managing Director of the company is holding power of attorney in respect thereof.

(ii) The inventories have been physically verified by the management at reasonable intervals during the year.

(iii) The Company has granted unsecured loans to the wholly own subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the wholly owned subsidiary company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loans granted to the wholly owned subsidiary company, listed in the register maintained under section 189 of the Act, there has been no stipulation of schedule of repayment of principal and payment of interest and hence we are unable to make specific comment on the regularity of repayment of principal and payment of interest.

(c) Since the terms of repayment are not stipulated, there is no overdue amount of such loan and its interest.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made, as applicable.

(v) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, and the Rules framed there under are not applicable and also no orders were passed by National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal and therefore clause 3(v) of the order is not applicable.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013 in respect of the manufacturing activities carried on by the Company and therefore, the provision of clause 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, goods and service tax , custom duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, duty of customs, goods and service tax, cess and other material statutory dues were in arrears as at 31 March,2020 for a period of more than six months from the date they became payable.

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

(c) According to the information and explanation given to us, there are no material dues of income tax, customs duty, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank and financial institution.

(ix) During the financial year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) however, the term loans raised during the year were applied for the purposes for which those were raised.

(x) According to the information and explanations given to us there were no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year and therefore, the provision of clause 3 (x) of the Order is not applicable.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the company is not a Chit Fund or a Nidhi Company and therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.

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

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

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

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

For **MANEK & ASSOCIATES**
Chartered Accountants
Firm's registration number: 0126679W

Sd/-
SHAILESH MANEK
Proprietor
Membership number: 034925
UDIN: 20034925AAAACT4330

Mumbai
Dated: June 29th, 2020

STANDALONE BALANCE SHEET
AS AT 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	60,61,36,896	60,81,88,685
(b) Intangible assets	4	23,89,943	12,14,329
(c) Financial assets			
(i) Investments	5	3,72,50,577	-
(ii) Loans	6	3,53,11,517	-
(iii) Others	7	4,57,82,046	1,08,83,757
(d) Other non-current assets	8	24,88,109	76,74,684
Total non-current assets		**72,93,59,089**	**62,79,61,455**
(2) Current assets			
(a) Inventories	9	27,89,68,693	18,61,01,194
(b) Financial assets			
(i) Investments	10	10,65,06,070	8,68,99,194
(ii) Trade receivables	11	26,19,26,643	33,12,39,179
(iii) Cash and cash equivalents	12	32,64,042	78,89,268
(iv) Bank balances other than (iii) above	13	2,74,84,767	2,34,94,635
(v) Others	14	4,96,88,746	3,47,84,913
(c) Other current assets	15	9,86,15,069	12,35,36,294
Total current assets		**82,64,54,030**	**79,39,44,677**
Total Assets		**1,55,58,13,118**	**1,42,19,06,132**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	3,08,90,120	3,08,90,120
(b) Other equity			
(i) Reserves and surplus	17	98,11,59,320	89,03,40,288
Share application money pending allotment		-	-
Total Equity		**1,01,20,49,440**	**92,12,30,408**
(1) Non-current liabilities			
(a) Financial liabilites			
(i) Borrowings	18	8,32,47,725	8,00,67,523
(b) Provisions	19	2,09,71,722	1,40,15,989
(c) Deferred tax liabilities	20	96,64,013	2,23,44,379
(d) Other non-current liabilities	21	20,09,730	25,69,198
Total non-current liabilities		**11,58,93,190**	**11,89,97,089**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	14,60,07,799	15,30,98,715
(ii) Trade payables	23	20,57,93,369	16,11,52,836
(iii) Other financial liabilities	24	6,34,20,865	5,60,70,311
(b) Provisions	19	1,26,29,486	30,40,812
(c) Current Tax Liabilities (Net)	25	-	83,03,770
(d) Other Current Liabilities	26	18,969	12,191
Total current liabilities		**42,78,70,488**	**38,16,78,635**
Total Liabilities		**54,37,63,678**	**50,06,75,724**
Total Equity and Liabilities		**1,55,58,13,118**	**1,42,19,06,132**

(The accompanying notes 1 to 51 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
INCOME			
Revenue from Operations	**27**	1,52,18,09,138	1,53,17,43,169
Other income	**28**	3,33,54,706	4,11,95,340
Total income		**1,55,51,63,844**	**1,57,29,38,509**
EXPENSES			
Cost of materials consumed	**29**	70,19,41,672	63,90,31,894
Changes in inventories of finished goods and work in progress	**30**	(5,38,51,572)	(1,26,64,705)
Employee benefits expense	**31**	23,80,98,111	21,16,49,053
Other expenses	**32**	43,02,62,474	37,33,84,116
Finance Cost	**33**	2,25,25,567	2,28,70,791
Depreciation expense	**3**	7,26,55,895	6,30,01,983
Total expenses		**1,41,16,32,147**	**1,29,72,73,132**
Profit before tax from continuing operations		**14,35,31,698**	**27,56,65,377**
Current tax	**45**	(4,84,00,000)	(7,80,00,000)
Less: MAT Credit	**45**	-	-
Current tax expense relating to prior years		(10,41,237)	(21,87,885)
Deferred tax (expense)/writeback		1,19,45,987	57,90,725
Income tax expense		**(3,74,95,250)**	**(7,43,97,160)**
Profit for the year from continuing operations		**10,60,36,448**	**20,12,68,217**
Other comprehensive income (OCI)			
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Profit/(Loss) on acturial valuation of post employment benefits		(29,17,907)	(6,43,635)
Add/(Less): Income tax expense		7,34,379	1,87,427
Other comprehensive income for the year, net of tax		**(21,83,528)**	**(4,56,208)**
Total comprehensive income for the year		**10,38,52,920**	**20,08,12,009**
Earnings per equity share (for continuing operations)			
Basic		17.16	32.58
Diluted		17.16	32.58

(The accompanying notes 1 to 51 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2020

A. EQUITY SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Value	Number of shares	Value
Balance at beginning of year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issue of share capital	-	-	-	-
Balance at end of year	**61,78,024**	**3,08,90,120**	**61,78,024**	**3,08,90,120**

B. OTHER EQUITY

(All amounts are in ₹ unless stated otherwise)

Particulars	Equity share capital	Reserves and Surplus			Total	Items of OCI
		Securities Premium	Retained Earnings	Other reserves		Remeasurement of net defined benefit liability /asset
At 31st March, 2019	**3,08,90,120**	**11,73,981**	**86,82,37,625**	**2,09,28,682**	**92,12,30,408**	**-**
Profit for the year			10,60,36,448		10,60,36,448	-
Less:- Dividend Paid (inclusive of taxes)			(1,30,33,887)		(1,30,33,887)	
Other comprehensive income for the year			(21,83,528)		(21,83,528)	(21,83,528)
At 31st March, 2020	**3,08,90,120**	**11,73,981**	**95,90,56,657**	**2,09,28,682**	**1,01,20,49,440**	**(21,83,528)**

(The accompanying notes 1 to 51 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extraordinary items and tax	**14,35,31,698**	**27,56,65,377**
Adjustments for:		
Depreciation and amortisation expense	7,26,55,895	6,30,01,983
Finance costs	2,25,25,567	2,28,70,791
Dividend income	-3,04,433	-2,46,291
Interest income	-50,84,406	-15,40,278
Loss/(Gain) on MTM of investments	2,24,35,215	-49,56,752
Other Comprehensive Income	-21,83,528	-4,56,208
Operating profit before working capital changes	**25,35,76,007**	**35,43,38,622**
Changes in working capital:		
Adjustments for (increase)/ decrease in operating assets:		
Inventories	-9,28,67,499	-1,79,95,870
Other non current financial assets	-3,48,98,289	4,05,92,778
Other non-current assets	51,86,575	-38,34,274
Trade receivables	6,93,12,536	-5,45,66,589
Other current financial assets	-3,85,00,841	-3,26,47,589
Other current assets	2,49,21,225	-5,42,86,697
	-6,68,46,293	**-12,27,38,241**
Adjustments for increase/ (decrease) in operating liabilities:		
Trade payables	4,46,40,533	-7,41,93,999
Other current financial liabilities	73,50,554	25,10,237
Other current provisions	95,88,674	6,11,649
Other current liabilities	-82,96,992	78,49,514
Other non current liabilities	-1,32,39,834	-46,41,821
Other non-current provisions	69,55,733	-8,69,964
	4,69,98,668	**-6,87,34,384**
Cash generated from operations	**23,37,28,382**	**16,28,65,997**
Net income tax paid	-3,74,95,250	-7,43,97,160
Net cash flow from operating activities (A)	**19,62,33,132**	**8,84,68,838**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Gain on sale of investments	-2,24,35,215	49,56,752
Dividend income	3,04,433	2,46,291
Interest Income	50,84,406	15,40,278
Finance Cost	-2,25,25,567	-2,28,70,791
Dividend Paid	-1,30,33,887	-
Non current Investments	-3,72,50,577	-
Non current Loans	-3,53,11,518	-
Long term borrowings	31,80,202	-4,35,33,042
Short term borrowings	-70,90,916	4,04,52,812
Purchases of Fixed assets	-7,17,79,719	-14,49,80,454
Loss of capital goods by fire	-	6,87,45,424
Disposal of fixed assets	-	-
Net cash flow used in investing activities (B)	**-20,08,58,358**	**-9,54,42,730**

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	-
Share application money	-	-
Share Premium	-	-
Net cash flow from/ (used in) financing activities (C)	**-**	**-**
Net increase/ (decrease) in Cash and cash equivalents (A+B+C)	**-46,25,226**	**-69,73,892**
Add: Cash and cash equivalents at the beginning of the year	78,89,268	1,48,63,162
Cash and cash equivalents at the end of the year	**32,64,042**	**78,89,270**

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents at the end of the year*		
*Comprises of:		
(a) Cash on hand	5,33,436	4,42,835
(b) Balances with banks		
(i) In current accounts	27,30,606	74,46,435
	32,64,042	**78,89,270**

* Include towards Unclaimed Dividend of ₹ 384,324.50

(The accompanying notes 1 to 51 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

Financial statements for the year ended 31st March, 2020 are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 together with comparative period data as at and for the year ended 31st March, 2019.

2.02 Functional currency and presentation currency

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

The financial statements are presented in Indian Rupees.

Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation difference on items whose fair value gain or loss is recognised in the statement of Other Comprehensive Income (OCI) or the statement of profit or loss is also recognised in the statement of OCI or the statement of profit or loss, respectively).

2.03 Use of estimates

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

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

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

2.04 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.05 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

2.06 Inventories

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

2.07 Revenue recognition

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

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

Revenue from sale of goods

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

Revenue includes only the gross inflows of economic benefits, including excise duty, received and

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

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

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

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

Other income

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

2.08 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Property, plant and equipment and capital work in progress cost include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

Subsequent cost

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

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

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

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

2.09 Intangible assets

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Subsequent expenditure

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

Amortization of intangible assets with finite useful lives:

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

2.10 Earning per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.11 Taxes

Current income tax

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

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

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

Deferred tax

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

- Deferred tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.12 Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds are charged to statement of profit and loss.

2.13 Provisions and contingent liabilities

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

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

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

2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.15 Financial instruments

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

Financial asset

Initial recognition and measurement

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

Investment in subsidiaries are carried at cost less impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Subsequent measurement

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

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

Financial assets at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

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

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

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

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

De-recognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material lay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financials assets

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

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

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

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

Financial assets measured at FVTOCI - Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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

De-recognition

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

Embedded derivatives

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

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

Compound instruments

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit & Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Original classification	Revised classification	Accounting treatment
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit & Loss at the reclassification date.

Offsetting of financial instruments

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

2.16 Cash and cash equivalents

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

2.17 Employee benefits

i) Defined contribution plans (Provident Fund)

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

ii) Defined benefit plans (Gratuity)

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

iii) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accrued absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company recognises an obligation for compensated absences in the period in which the employee renders the services. The Company provides for the expected cost of compensated absence in the statement of profit and loss as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

2.18 Segment reporting

As the Company's business activities fall within a single primary business segment of pharmaceuticals,

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

the disclosure requirements of Ind AS 108 in this regard are not applicable.

2.19 Leases

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

Company as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Ind AS 116 Leases:

In March 2019, the Ministry of Corporate Affairs, issued the Companies (Indian Accounting Standards) Amendment Rules 2018, notifying Ind AS 116 "Leases" which replaces Ind AS 17 "Leases". The new standard shall require lessees to recognise the Leases on their Balance Sheet with limited exemptions related to low value asset and assets with a lease term of less than 12 months.

Lessees will use a single accounting model for all leases. Accordingly, the lessee is required to recognise "Right of Use" asset representing its right to use the underlying asset and a "Lease Liability" representing its obligations to make lease payments.

The company is required to adopt Ind AS 116 Leases from 1st April 2019. The company will have to recognise "Right to Use" assets and "Lease Liability" for its operating leases. Upon application of the new standard, the nature of expenses relating to the leases will change and accordingly the Company will recognise a depreciation charge for Right-to-Use assets and interest expense on unwinding of lease liabilities as against lease expenses recognised up to 31st March, 2019 The new standard also provides two broad alternative transition approach – Retrospective Method and Cumulative Effect Method, of which the Company has opted for modified retrospective method. There being no pre-existing qualifying leases as on 01st April 2019, there is no impact on retained earnings on implementation of the standard.

On application of the standard, the net impact has resulted in the profit for the year being higher by ₹ 33,135/-

2.20 Government Grants

Government grants are initially recognised at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, the amount of grant received is set off against the value of the fixed asset against which the grant has been given.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

2.21 Global Health Pandemic on Covid-19 and subsequent lockdown

The outbreak of Covid-19 pandemic globally and in India is causing a significant downturn in economic activity. In many countries, businesses are being required to cease or limit their activities for long or indeterminate length of time. Measures taken to contain the spread of Covid-19 include restrictions on travel, quarantines, social distancing and closure of non-essential services have resulted in economic slowdown and stress on businesses.

Covid-19 is impacting the operations of the Company, by way of interruption in the supply chain, disruption in production, unavailability of personnel, etc. On 22nd March 2020, The Government of Maharashtra ordered a lockdown in Maharashtra and this was followed by the Government of India implementing a lockdown from 24th March 2020 till 3rd May 2020. The company is a manufacturer of pharmaceuticals which are classified as essential commodities by the government. The company was able to restart operations from 1st April 2020, however unavailability of personnel and supply chain disruptions are expected to continue to affect operations till the

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

lockdown is lifted and the restrictions regularised by the government.

In assessing the recoverability of the Company's assets such as investments, loans and advances, intangible assets, goodwill, trade receivables, etc., the Company has considered internal and external information. The company has performed a sensitivity analysis on the assumptions used basis the internal and external information. The company expects to recover the carrying amount of assets.

2.22 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies the new standards on amendments to the existing standards. Under mentioned changes of IND AS have become applicable from financial year beginning 1st April 2019. However the adoption of these changes does not have any impact on the financial statement as there are no transactions covered under these amendments:

Appendix C to IND AS 12: 'Uncertainty over Income Tax Treatments'

Amendments to IND AS 109: 'Prepayment features with negative compensation'

Amendment to IND AS 19: 'Plan amendment, curtailment or settlement'

Amendments to IND AS 28: 'Long term interest in associates and joint ventures'

Amendments to IND AS 103: 'Party to a joint arrangements obtains control of a business'

Amendments to IND AS 111: 'Joint Arrangements'

Amendments to IND AS 12: 'Income Taxes'

Amendments to IND AS 23: 'Borrowing cost'

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As on 01-Apr-19	Additions	Deductions	As at 31-Mar-20	As on 01-Apr-19	For the year	Additions/ (-)Deductions	As at 31-Mar-20	As at 31-Mar-20	As on 01-Apr-19
Leasehold land	3,12,90,596			3,12,90,596	10,08,156	3,30,660		13,38,816	2,99,51,780	3,02,82,440
Buildings	19,17,41,275	77,84,515		19,95,25,790	1,16,09,045	74,82,323		1,90,91,368	18,04,34,423	18,01,32,230
Plant and Equipment	49,07,61,206	6,17,88,966	-11,03,197	55,14,46,975	10,61,67,997	6,12,31,337	-6,22,227	16,67,77,107	38,46,69,869	38,45,93,209
Furniture and Fixtures	39,26,126	2,75,542		42,01,668	14,16,006	5,05,839		19,21,845	22,79,823	25,10,120
Vehicles	1,44,50,577			1,44,50,577	59,41,156	18,74,489		78,15,645	66,34,932	85,09,421
Office Equipments	43,31,507	9,36,385	-59,394	52,08,498	21,70,242	9,26,814	-54,628	30,42,428	21,66,070	21,61,265
Total	**73,65,01,287**	**7,07,85,409**	**-11,62,591**	**80,61,24,105**	**12,83,12,602**	**7,23,51,462**	**-6,76,855**	**19,99,87,209**	**60,61,36,896**	**60,81,88,685**
Capital work-in-progress	-			-					-	-
Previous Year	63,21,07,223	17,76,32,475	-7,32,38,411	73,65,01,287	7,06,58,254	6,21,47,335	-44,92,987	12,83,12,602	60,81,88,685	56,14,48,969

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

4. INTANGIBLE ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As on 01-Apr-19	Additions	Deductions	As at 31-Mar-20	As on 01-Apr-19	For the year	Additions/ (-)Deductions	As at 31-Mar-20	As at 31-Mar-20	As on 01-Apr-19
Computer Software	42,13,470	21,56,901		63,70,371	29,99,141	9,81,287		39,80,428	23,89,943	12,14,329
Goodwill	-			-	-			-	-	-
Total	**42,13,470**	**21,56,901**	**-**	**63,70,371**	**29,99,141**	**9,81,287**	**-**	**39,80,428**	**23,89,943**	**12,14,329**
Previous Year	39,43,470	2,70,000	-	42,13,470	21,44,494	8,54,647	-	29,99,141	12,14,329	17,98,976

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

5. NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity Shares of Macrotech Polychem Pvt Ltd-wholly owned subsidiary	3,72,50,577	-
Total	**3,72,50,577**	**-**

6. NON CURRENT FINANCIAL ASSETS - LOANS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loan to Macrotech Polychem Pvt Ltd- wholly owned subsidiary	3,53,11,517	-
Total	**3,53,11,517**	**-**

7. OTHER NON CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Others		
Earnest money deposit	4,20,00,000	1,00,00,000
Advance income tax (Net of Provision)	37,82,046	8,83,757
Total	**4,57,82,046**	**1,08,83,757**

8. OTHER NON CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital advances	23,65,202	72,46,361
Prepaid lease rent	96,300	3,59,020
Deferred processing fees	26,607	69,303
Total	**24,88,109**	**76,74,684**

9. INVENTORIES

(At cost or realizable value whichever is lower)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw materials	8,66,88,171	4,74,43,143
Work-in-progress	13,03,03,323	10,56,21,045
Finished goods	5,95,57,622	3,03,88,328
Fuel & Oil	5,01,310	11,99,327
Consumables	10,44,557	9,46,696
Packing Materials	8,73,710	5,02,655
Total	**27,89,68,693**	**18,61,01,194**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

10. CURRENT INVESTMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of units	Amount	No. of units	Amount
Investments in Equity Instruments				
Quoted				
Tata Consultancy Services Ltd.	1,168	21,29,322	1,168	23,36,467
Investment in mutual funds				
Quoted				
Aditya Birla Sun Life Equity fund	4,971	26,75,823	14,941	1,09,16,201
Aditya Birla Sunlife Banking & Financial Services Fund	-	-	1,60,338	47,25,150
Aditya Birla Sun Life Frontline Equity Fund	6,489	10,71,033	26,079	59,12,679
Axis Midcap Fund	1,04,235	33,93,902	1,04,235	37,96,251
Mirae Asset Hybrid-Equity Fund	1,38,331	17,09,776	-	-
DSP Equity Fund	98,888	32,06,527	9,431	21,04,829
Franklin India Focused Equity Fund	1,07,799	31,50,953	93,112	38,60,567
HDFC Equity Fund	2,300	10,52,992	2,300	15,67,088
HDFC Top 100 Fund	49,597	14,43,681	43,834	21,45,624
ICICI Prudential Multi Asset Fund	5,381	11,35,494	18,676	50,04,708
ICICI Prudential Floating Interest Fund	49,660	1,49,06,852	49,660	1,38,15,129
IDFC Infrastructure Fund	1,45,459	13,35,312	2,03,726	31,08,857
IDFC Multi Cap Fund	15,634	11,23,588	24,342	22,84,698
Kotak Equity Opportunities Fund	12,684	12,08,556	-	-
Kotak Standard Multicap Fund	1,93,274	52,20,328	1,73,150	61,43,003
L&T Emerging Business Fund	89,272	13,48,907	1,92,708	48,26,561
L&T India Value Fund	40,652	10,06,454	97,071	35,07,649
Motilal Oswal Most Focused Multicap Fund	55,614	10,83,725	43,413	11,27,661
SBI Bluechip Fund	36,973	10,99,997	42,527	16,67,314
SBI Magnum Multicap Fund	45,521	16,86,007	45,521	22,15,404
Sundaram Rural India Fund	52,422	16,69,157	1,38,959	58,33,354
ABSL Equity Fund	7,368	42,39,936	-	-
ABSL Income Fund	2,10,232	1,99,62,705	-	-
ABSL Midcap Fund	19,962	41,30,352	-	-
ABSL Small Cap Fund	88,819	19,33,324	-	-
AXIS Banking & PSU Debt Fund	1,630	31,15,219	-	-
AXIS Bluechip Fund	1,95,054	50,71,394	-	-
AXIS Small Cap Fund	1,32,275	32,02,381	-	-
BNP Paribas Large CAP Fund	42,882	32,47,856	-	-
ICICI Prudential Smallcap Fund	1,64,406	29,36,293	-	-
HDFC Index Fund - NIFTY	57,977	45,49,255	-	-
HDFC MID-CAP Opportunities Fund	37,391	14,58,969	-	-
Total		**10,65,06,070**		**8,68,99,194**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Details of quoted investments

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Book Value	11,80,50,994	7,22,17,689
Market Value	10,65,06,070	8,68,99,194

11. TRADE RECEIVABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured considered good	26,27,21,042	33,12,39,179
Unsecured considered doubtful	4,42,500	1,70,340
	26,31,63,542	**33,14,09,519**
Less: Allowance for doubtful debts	(12,36,899)	(1,70,340)
Total Receivables	**26,19,26,643**	**33,12,39,179**
Current	26,19,26,643	33,12,39,179
Non-current	-	-

12. CASH AND CASH EQUIVALENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
- Cash on hand	5,33,436	4,42,833
- Balances with banks	27,30,606	74,46,435
Total	**32,64,042**	**78,89,268**

13. BANK BALANCES OTHER THAN ABOVE

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits with bank	2,74,84,767	2,34,94,635
Total	**2,74,84,767**	**2,34,94,635**

(i) Deposits of ₹ 1,00,00,000 (previous year ₹ 1,74,05,883) with maturity of more than 12 months.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

14. OTHER CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Advance to vendors	2,44,40,479	50,72,997
Security deposits	1,51,93,194	1,40,12,500
Interest accrued on FDR	17,14,002	10,00,958
Advances to employees	14,70,630	8,82,490
Others	68,70,441	1,38,15,968
Total	**4,96,88,746**	**3,47,84,913**

15. OTHER CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	99,95,253	1,10,09,790
Balance with government authorities	4,31,19,816	6,59,98,648
Others	4,55,00,000	4,65,27,856
Total	**9,86,15,069**	**12,35,36,294**

16. SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number	Amount	Number	Amount
Authorised share capital				
At the beginning of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
Issued share capital				
At the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

b) Details of Share holder holding more than 5% shares in the Company :

(All amounts are in ₹ unless stated otherwise)

Name of the shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number	% Holding	Number	% Holding
Equity shares				
Rahul J Nachane	10,83,450	17.54%	10,83,450	17.54%
Rajesh N Lawande	11,43,811	18.51%	11,43,811	18.51%
Sunita Sandip Potdar	8,92,957	14.45%	8,92,957	14.45%
Ajita Rahul Nachane	7,13,449	11.55%	7,13,449	11.55%
PCI Fermone Chemicals (I) Pvt. Ltd.	5,17,871	8.38%	5,18,971	8.40%

c) Reconciliation of the number of equity shares and share capital:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issued during the year	-	-	-	-
Outstanding at the end of the year	**61,78,024**	**3,08,90,120**	**61,78,024**	**3,08,90,120**

17. RESERVES AND SURPLUS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital reserve		
Balance at the beginning of the year	1,50,00,000	1,50,00,000
Add: Additions during the year	-	-
Balance at the end of the year	**1,50,00,000**	**1,50,00,000**
Securities premium		
Balance at the beginning of the year	11,73,981	11,73,981
Add: Additions during the year	-	-
Balance at the end of the year	**11,73,981**	**11,73,981**
General reserve		
Balance at the beginning of the year	19,23,714	19,23,714
Add: Additions during the year	40,04,968	-
Balance at the end of the year	**59,28,682**	**19,23,714**
Amalgamation Reserve Account		
Balance at the beginning of the year	40,04,968	40,04,968
Less: Transferred to General Reserve	(40,04,968)	-
Balance at the end of the year	**-**	**40,04,968**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained earnings		
Opening Balance	86,82,37,625	66,74,25,616
Add: Profit for the year	10,38,52,920	20,08,12,009
Less: Appropriations		
Dividend on Equity Shares (₹ 1.75/- Per Share)	(1,08,11,542)	-
Tax on Dividend	(22,22,345)	-
Closing Balance	**95,90,56,657**	**86,82,37,625**
Total	**98,11,59,320**	**89,03,40,288**

Notes:

i) Capital Reserve: It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transaction in earlier years.

ii) Share Premium: This is the difference between the face value of the equity shares and the consideration received in respect of shares issued.

iii) General Reserve: The company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act, 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

iv) Amalgamation Reserve: Reserve was created when certain statutory reserves needed to be maintained by the transferee company during the scheme of amalgamation, which were previously maintained in the books of transferor company. During the year this reserve has been transfered to General Reserve.

18. NON CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term loans from banks:		
Term Loans from HDFC Bank	8,32,47,725	7,86,90,537
Vehicle Loan from HDFC Bank	-	1,24,479
Vehicle Loan from Axis Bank	-	12,52,507
Total	**8,32,47,725**	**8,00,67,523**

Terms and conditions of loans

Term loan from HDFC Bank is @ 9.60% 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 personally guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the Company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

19. PROVISIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Leave Encashment	1,51,21,958	1,05,89,003
Gratuity	58,49,764	34,26,986
	2,09,71,722	**1,40,15,989**
Current		
Leave Encashment	17,02,901	12,95,992
Gratuity	22,99,078	17,44,820
Others	86,27,507	-
	1,26,29,486	**30,40,812**
Total	**3,36,01,208**	**1,70,56,801**

20. DEFERRED TAX LIABILITIES (NET)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance as at April 1st	2,23,44,379	2,83,22,531
Tax (Income)/Expense during the period recognised in:		
(i) Statement of Profit and Loss in Profit or Loss section	(1,19,45,987)	(57,90,725)
(ii) Statement of Profit and Loss under OCI section	(7,34,379)	(1,87,427)
(iii) Retained earnings		
Closing balance as at March 31st	**96,64,013**	**2,23,44,379**

21. OTHER NON CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Lease equalisation reserve	20,09,730	25,69,198
Total	**20,09,730**	**25,69,198**

22. CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
From banks for working capital	14,60,07,799	15,30,98,715
Total	**14,60,07,799**	**15,30,98,715**

(a) Working capital loans are personally guaranteed by Mr. Rahul Nachane, Managing Director and Mr. Rajesh Lawande, Whole-Time Director & CFO

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(b) Working capital loans comprise of loans repayable on demand in the form of cash credit, pre shipment finance and post shipment finance. These are secured by hypothecation of inventories, trade receivables and book debts. Interest payable on these loans is MCLR + 0.9% p.a.

23. TRADE PAYABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Trade payables		
Acceptances	1,42,51,183	67,21,099
Other than Acceptances	19,15,42,186	15,44,31,737
Total	**20,57,93,369**	**16,11,52,836**

Notes

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Of the above,		
payables to Micro and Small Enterprises	4,64,93,776	43,67,484

This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the auditors.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal amount due and remaining unpaid	4,64,93,776	43,67,484
Interest due on the above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed date during the year	-	44,705
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	620
Amount of further interest remaining due and payable in succeeding year	-	-

24. OTHER FINANCIAL LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Current Maturities of Long Term Debts	5,30,57,461	3,84,54,307
Payables for Capital Purchases	1,03,63,404	1,76,16,004
Total	**6,34,20,865**	**5,60,70,311**

Note: Current Maturities of Long Term debts comprise of secured borrowing listed in Note 18

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

25. CURRENT TAX LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	83,03,770	4,58,490
Add: Current tax payable for the year	4,84,00,000	7,80,00,000
Less: Taxes paid	(5,67,03,770)	(7,01,54,720)
Total	**-**	**83,03,770**

26. OTHER CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest payable	18,969	12,191
Total	**18,969**	**12,191**

27. REVENUE FROM OPERATIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products	1,49,44,90,606	1,50,77,53,227
Other operating revenue	2,73,18,532	2,39,89,942
Total revenue from operations	**1,52,18,09,138**	**1,53,17,43,169**

Note: Other operating revenues comprise of duty drawback and other export incentives.

28. OTHER INCOME

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income	50,84,406	15,40,278
Dividend income		
- from current investments	3,04,433	2,46,291
Other non-operating income (net of expenses directly attributable to such income)	8,46,158	77,96,361
Net gain on sale or fair valuation of investments	-	49,56,752
Gain on exchange fluctuations	2,71,19,709	2,66,55,658
Total	**3,33,54,706**	**4,11,95,340**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

29. COST OF MATERIALS CONSUMED

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Raw materials at the beginning of the year	4,74,43,143	4,27,12,031
Add: Purchases	74,11,86,700	64,37,63,006
Less: Raw material at the end of the year	(8,66,88,171)	(4,74,43,143)
Total cost of raw materials consumed	**70,19,41,672**	**63,90,31,894**

30. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventories at the end of the year:		
Finished goods	5,95,57,622	3,03,88,328
Work-in-progress	13,03,03,323	10,56,21,045
	18,98,60,945	**13,60,09,373**
Inventories at the beginning of the year:		
Finished goods	3,03,88,328	3,38,63,468
Work-in-progress	10,56,21,045	8,94,81,200
	13,60,09,373	**12,33,44,668**
Total changes in inventories of finished goods and work-in-progress	**(5,38,51,572)**	**(1,26,64,705)**

31. EMPLOYEE BENEFITS EXPENSE

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	22,41,28,738	19,78,61,894
Contribution to provident fund and other funds	90,30,172	84,53,891
Staff welfare expenses	49,39,201	53,33,268
Total	**23,80,98,111**	**21,16,49,053**

Disclosure pursuant to Ind AS 19 - "Employee Benefits"

(i) Defined contribution plans: Note 2.17

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contribution to provident fund	62,35,909	57,59,748

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(ii) Defined benefit plans: Note 2.17

Gratuity Plan

(a) Funded status of the plan

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A) Present value of defined benefit obligation		
- Wholly funded	2,01,70,363	1,45,36,666
- Wholly unfunded	-	-
	2,01,70,363	**1,45,36,666**
Less: Fair value of plan assets	-1,20,21,521	-93,64,860
Amount to be recognised as liability or (asset)	**81,48,842**	**51,71,806**
B) Amounts reflected in Balance Sheet		
Liabilities	81,48,842	51,71,806
Assets	-	-
Net liability/(asset)	**81,48,842**	**51,71,806**
Net liability/(asset) - current	22,99,078	17,44,820
Net liability/(asset) - non current	58,49,764	34,26,986

(b) The amount recognised in the Statement of Profit and Loss are as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
1. Current service cost	17,44,820	14,35,534
2. Past service cost and loss/(gain) on curtailments and settlements	-	-
3. Interest cost	3,26,754	3,81,647
Total charge to Profit & Loss	**20,71,574**	**18,17,181**

(c) The amount recognised in Other Comprehensive Income

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Components of actuarial gain/(losses) on obligations		
Due to change in financial assumptions	16,54,835	-
Due to change in demographic assumptions	-7,739	-
Due to experience adjustments	13,25,782	6,54,559
Return on plan assets excluding amount included in interest income	-54,971	-10,924
Amount recognised in Other Comprehensive Income	29,17,907	6,43,635

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(d) Reconciliation of defined benefit obligation

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening defined benefit obligation	1,45,36,666	1,16,74,098
Transfer in/(out) obligation	-	-
Current service cost	17,44,820	14,35,534
Interest cost	10,54,714	8,60,801
Actuarial loss/(gain) due to change in financial assumptions	16,54,835	-
Actuarial loss/(gain) due to change in demographic assumptions	-7,739	-
Actuarial loss/(gain) due to experience adjustments	13,25,782	6,54,559
Past service cost	-	-
Loss/(gain) on curtaiments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-1,38,715	-88,326
Closing defined benefit obligation	**2,01,70,363**	**1,45,36,666**

(e) Reconciliation of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening value of plan assets	93,64,860	59,34,651
Transfer in/(out) of plan assets	-	-
Interest income	7,27,960	4,79,154
Return on plan assets excluding amount included in interest income	54,971	10,924
Assets distributed on settlements	-	-
Contributions by employer	20,12,445	17,36,052
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-1,38,715	-88,326
Adjustment to the opening fund	-	12,92,405
Closing balance of plan assets	**1,20,21,521**	**93,64,860**

(f) Reconciliation of net defined benefit liability

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net opening provision in books of accounts	51,71,806	57,39,447
Transfer in/(out) obligation	-	-12,92,405
Transfer in/(out) plan assets	-	-
Employee benefit expense (from (b) above)	20,71,574	18,17,181

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Amounts recognised in other comprehensive income (from (c) above)	29,17,907	6,43,635
	1,01,61,287	**69,07,858**
Contribution to plan assets	-20,12,445	-17,36,052
Closing provision in books of accounts	**81,48,842**	**51,71,806**

(g) Composition of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Policy of insurance	100%	100%

(h) Principal actuarial assumptions

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.55%	7.60%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages
Rate of return on plan assets	6.55% p.a.	7.60% p.a.

(i) Expected cash flows based on past service liability

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Rupees	%	Rupees	%
Year 1 Cash Flow	15,48,054	3.90%	13,17,691	4.20%
Year 2 Cash Flow	27,58,141	7.00%	8,16,048	2.60%
Year 3 Cash Flow	22,31,957	5.70%	23,73,049	7.50%
Year 4 Cash Flow	15,29,755	3.90%	18,95,489	6.00%
Year 5 Cash Flow	10,08,034	2.60%	12,89,915	4.10%
Year 6 to Year 10 Cash Flow	61,55,027	15.70%	48,72,423	15.50%

(j) Sensitivity analysis of key assumptions

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	DBO	Change in DBO %	DBO	Change in DBO %
Discount rate varied by 0.5%				
+ 0.5%	1,93,50,240	-4.07%	1,39,64,208	-3.94%
- 0.5%	2,10,54,895	4.39%	1,51,51,780	4.23%
Salary growth rate varied by 0.5%				
+ 0.5%	2,09,83,886	4.03%	1,51,18,072	4.00%
- 0.5%	1,94,01,537	-3.81%	1,39,78,207	-3.84%
Withdrawal rate (WR) varied by 10%				
WR x 110%	2,01,97,724	0.14%	1,45,00,941	0.44%
WR x 90%	2,01,39,479	-0.15%	1,44,66,813	-0.48%

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(iii) Short term benefits (leave encashment)

The company has provided for accumulated compensation absences (leave encashment) as per Ind AS 19 "Employee Benefits". The provision is made on the basis of actuarial evaluation carried out. The current years provision is charged under Salaries and Wages as given below. This liability is not funded.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Salaries - leave encashment	55,98,115	31,95,791

32. OTHER EXPENSES

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Power and Fuel	9,75,43,161	8,70,84,016
Consumable Stores	1,28,44,692	1,43,32,753
Packing Materials	1,26,87,648	1,38,62,025
Processing Charges	2,97,71,577	1,82,07,608
Factory Expenses	2,05,17,462	1,33,51,963
Water Charges	27,98,537	30,73,037
Repairs to		
Plant & Machinery	6,06,56,393	5,04,00,778
Factory Buildings	1,44,82,353	89,20,472
Other Assets	10,34,643	10,26,782
Insurance	1,00,60,709	52,39,755
Laboratory Expenses	1,55,09,576	1,19,74,639
Payment to Auditors (See note below)	12,76,157	14,46,922
Postage & Telephone Expenses	24,51,391	22,46,483
Legal and Professional Fees	1,97,36,700	1,68,53,024
Bank Charges and Commission	37,04,236	26,11,970
Rent, Rates and Taxes	1,17,18,308	1,48,76,626
Printing & Stationery	32,71,851	37,13,404
Vehicle Expenses	17,91,487	19,35,386
Advertisement & Business Promotion	92,85,210	32,93,183
Commission on Sales	77,61,933	86,08,435
Travelling Expenses	1,20,86,665	89,00,408
Freight, Coolie & Cartage	2,73,76,049	3,19,20,087
Loss of Capital Goods by Fire	-	3,50,48,223
Loss on Investments - Mark to Market	2,24,35,215	-
Miscellaneous Expenses	2,94,60,521	1,44,56,137
Total	**43,02,62,474**	**37,33,84,116**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(a) Details about payment to auditors

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Payment to statutory auditors (net of GST input)		
As auditors - statutory audit & tax audit	8,10,000	8,10,000
As auditors - other services	90,000	2,15,000
sub total (i)	**9,00,000**	**10,25,000**
(ii) Payment to internal auditors and cost auditors (net of GST input)		
Internal Audit Fees	3,76,157	3,71,922
Cost Audit Fees	-	50,000
sub total (ii)	**3,76,157**	**4,21,922**
Total (i + ii)	**12,76,157**	**14,46,922**

33. FINANCE COSTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense on:		
-Long term borrowings	1,50,08,940	1,35,83,622
-Short term borrowings	75,16,627	92,87,169
Total	**2,25,25,567**	**2,28,70,791**

34. CONTINGENT LIABILITY

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Disputed direct tax		
Total demand from the Income Tax Department	-	9,48,364
(ii) Provident Fund claim disputed		
Demand raised on the Company by the provident fund department for amount payable by contractor.	17,75,767	-

35. COMMITMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	92,47,420	2,24,35,578
(ii) Other commitments (specify nature)		
Guarantees issued by banks on behalf of the Company	5,00,000	11,40,101
Letters of credit established for which goods are yet to be received and provided for	54,79,972	83,00,400

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

36. RELATED PARTIES DISCLOSURES

Disclosures as required by Accounting Standards 18 - “Related Party Disclosures” are given below:

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

(i) Associates Companies/Firms in which Directors or their relatives are interested

Nupur Remedies Private Limited

(ii) Key management personnel and their relatives with whom the Company has transacted

Name	Designation	Relatives
Rahul Nachane	Managing Director	Ajita Nachane
Rajesh Lawande	Whole-Time Director & CFO	Ajita Nachane
Ajita Nachane	Non Independent Director	Rahul Nachane
Milind Shinde	Independent Director	--
Jayaram Sitaram	Independent Director	--

(iii) Subsidiaries of the Company

Name	% of Holding
Macrotech Polychem Private Limited	100%

(b) Nature of transaction

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
(i) Expenses		
Rent		
Nupur Remedies Private Limited	40,59,000	40,50,000
Rahul Nachane	31,49,235	29,29,514
Rajesh Lawande	31,49,235	29,29,514
Managerial Remuneration		
Rahul Nachane	85,65,600	85,65,600
Rajesh Lawande	84,21,600	84,21,600
Commission on profits		
Rahul Nachane	37,76,200	71,18,135
Rajesh Lawande	37,76,200	71,18,135
Legal & Professional Fee		
Nupur Remedies Private Limited	66,00,000	66,00,000
Director’s Sitting Fee		
Ajita Nachane	2,25,000	1,44,500
Milind Shinde	2,45,000	1,44,500
Jayaram Sitaram	2,40,000	1,44,500

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
Leave Encashment		
Rajesh Lawande	-	19,95,000
Processing Charges		
Macrotech Polychem Private Limited	85,56,498	-
Purchase of Raw Material		
Macrotech Polychem Private Limited	13,11,547	-
(ii) Income		
Interest accrued on Loan given		
Macrotech Polychem Private Limited	28,46,771	-
Sales		
Macrotech Polychem Private Limited	49,45,200	-
(iii) Deposits		
Nupur Remedies Private Limited	3,50,000	3,50,000
Rahul Nachane - Office Deposit	20,00,000	20,00,000
Rajesh Lawande - Office Deposit	20,00,000	20,00,000
(iv) Outstanding balances	Payables	Payables
Nupur Remedies Private Limited (Trade Payable)	9,86,040	-
Macrotech Polychem Private Limited- Advance to Suppliers	2,13,35,200	-
Macrotech Polychem Private Limited- Loan given	3,53,11,517	-

Note: In the case of present key managerial personnel, remuneration does not include gratuity benefits which are determined for the Company as a whole.

37. FAIR VALUES

Fair value measurement includes both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The carrying values of the long-term financial instruments approximates the fair values as the management has considered the fair value measurement techniques using the observable data i.e. the discounting rate which was similar as to rates, tenure and the credit rating of the other instruments of the Company. The management has also considered the effect of time value of money with respect to other long term financial instruments at applicables rates.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust risk management policy to identify, evaluate business risks and opportunities. This policy seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Carrying amount of financial assets and liabilities:

The following table summaries the carrying amount of financial assets and liabilities recorded at the end of the year by categories:

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Financial assets		
Investments	10,65,06,070	8,68,99,194
Cash and cash equivalents	32,64,042	78,89,268
Bank balances other than above	2,74,84,767	2,34,94,635
Trade receivables	26,19,26,643	33,12,39,179
Other financial assets	4,96,88,746	3,47,84,913
At end of the year	**44,88,70,268**	**48,43,07,189**
Financial liabilities		
Borrowings	14,60,07,799	15,30,98,715
Trade payables	20,57,93,369	16,11,52,836
Other current financial liabilities	6,34,20,865	5,60,70,311
At end of the year	**41,52,22,033**	**37,03,21,862**

39. CREDIT RISK

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworhtiness of counterparty to which the Company grants credit terms in the normal course of business.

Investments

The Company limits its exposure to credit risk by investing in liquid securitites which primarily include mutual fund units. The Company mitigates risk from non-performance of these securities by ensuring that it does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Trade receivables

Trade receivables are typically unsecure and derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain, however this is modified if in the past experience of the Company, there is likely mitigation of the credit risk.

Ageing of trade receivable

(All amounts are in ₹ unless stated otherwise)

Particulars	Days			
	0-180	**180-365**	**Above 365**	**Total**
As on 31st March, 2020	26,08,99,927	12,18,157	10,45,458	26,31,63,542
As on 31st March, 2019	33,03,77,873	4,44,146	5,87,500	33,14,09,519

40. MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

41. FOREIGN CURRENCY RISK

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. The Company's foreign currency exposure arises mainly from foreign exchange imports and exports, primarily with respect to USD.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Currency	INR	Currency	INR
Payables				
Advances from customers	USD 3,15,815	2,38,72,426	USD 58,585	41,30,454
Trade Payables	USD 1,32,498	1,00,16,849	USD 97,166	67,21,099
Trade Payables	JPY 52,56,000	36,61,461	JPY 0	-
Receivables				
Trade Receivables	USD 21,13,425	15,97,53,758	USD 33,37,512	23,10,05,496

Following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of USD against INR.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Currency	INR	Currency	INR
Net foreign currency assets USD	USD 16,65,112	12,58,64,483	USD 31,81,761	22,01,53,943
Impact on profit or loss: Income/(Expense)				
USD - Increase by 5%		62,93,224		1,10,07,697
USD - Decrease by 5%		-62,93,224		-1,10,07,697
Net foreign currency liabilities JPY	JPY 52,56,000	36,61,461	JPY 0	-
Impact on profit or loss: Income/(Expense)				
JPY - Increase by 5%		-1,83,073		-
JPY - Decrease by 5%		1,83,073		-
Net Impact - increase by 5%		61,10,151		1,10,07,697
Net Impact - decrease by 5%		-61,10,151		-1,10,07,697

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

42. INTEREST RATE RISK

Company's interest rate risk arises from borrowings. The long term borrowings are at fixed interest rate while the short term borrowing are at floating interest rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed rate instruments		
Financial Assets	2,74,84,767	2,34,94,635
Financial liabilities	13,63,05,186	11,85,21,830
Variable rate instruments		
Financial Assets	10,65,06,070	8,68,99,194
Financial liabilities	14,60,07,799	15,30,98,715

Interest rate sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's debt obligations with floating interest rates.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Long term variable interest rate borrowings	-	-
Short term variable interest rate borrowings	14,60,07,799	15,30,98,715
	14,60,07,799	**15,30,98,715**

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant:

(All amounts are in ₹ unless stated otherwise)

Year ended	Increase/ (decrease) in basis points	Effect on profit before tax increase/ (decrease)
31st March, 2020	100	(14,60,078)
	(100)	14,60,078
31st March, 2019	100	(15,30,987)
	(100)	15,30,987

43. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group manages the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group invests its surplus funds in bank fixed deposits and liquid schemes of mutual funds which carry limited mark to market risks. The Company also invests in equity schemes of mutual funds which carry liquidity and rate return risks.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	On demand	Upto 1 year	1 to 5 years	More than 5 years	Total
	₹	₹	₹	₹	₹
Year ended 31st March, 2020					
Trade payables	-	20,57,93,369	-	-	20,57,93,369
Other financial liabilities	-	6,34,20,865	-	-	6,34,20,865
	-	**26,92,14,234**	**-**	**-**	**26,92,14,234**
Year ended 31st March, 2019					
Trade payables	-	16,11,52,836	-	-	16,11,52,836
Other financial liabilities	-	5,60,70,311	-	-	5,60,70,311
	-	**21,72,23,147**	**-**	**-**	**21,72,23,147**

At present, the Company expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

44. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the value of shareholder.

The Company monitors capital using Capital Gearing Ratio, which is net debt divided by total capital plus net debt. Net debt includes loans and borrowings, trade and other payables, less cash and cash equivalents.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans and borrowings	22,92,55,524	23,31,66,238
Trade payables	20,57,93,369	16,11,52,836
Other payables	7,60,69,320	6,74,27,084
Less: Cash and cash equivalents	(3,07,48,809)	(3,13,83,903)
Net debt (A)	**48,03,69,404**	**43,03,62,255**
Equity	1,01,20,49,440	92,12,30,408
Capital and net debt (B)	**1,01,20,49,440**	**92,12,30,408**
Capital gearing ratio (A/B)	**0.47**	**0.47**

To achieve the overall objective, the Company's capital management aims to ensure that it meets the financial covenants attached to loans and borrowings. Breaches in meeting the covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowings in the current year.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

45. INCOME TAX

The major components of income tax expense for the years are:

Income statement

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current income tax:		
Current income tax charge	(4,84,00,000)	(7,80,00,000)
Adjustments in respect of current income tax of previous year	(10,41,237)	(21,87,885)
Deferred tax:		
Relating to origination and reversal of temporary differences	1,19,45,987	57,90,725
Relating to origination and reversal of temporary differences through OCI	7,34,379	1,87,427
Income tax expense reported in the income statement	**(3,67,60,871)**	**(7,42,09,733)**

The income tax expense for the year can be reconciled to the accounting profits as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit before tax	14,35,31,698	27,56,65,377
Income tax expense calculated at 25.17% (Previous Year 29.12%)	(3,61,26,928)	(8,02,73,758)
Effect of income tax that is exempt from taxation	(2,73,483)	85,665
Effect of expenses that are not deductible in determining taxable profits	(3,60,460)	59,78,360
Total tax expense	**(3,67,60,871)**	**(7,42,09,733)**

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% payable by corporate entities in India on taxable profits under tax law in the Indian jurisdiction.

46. ADDITIONAL INFORMATION

(a) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding at the end of the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding at the end of the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computation:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit for the year from continuing operations	10,60,36,448	20,12,68,217
Weighted average number of equity shares for basic EPS*	61,78,024	61,78,024
Weighted average number of equity shares adjusted for the effect of dilution*	61,78,024	61,78,024
Face value per share	5	5
Basic earning per share	17.16	32.58
Diluted earning per share	17.16	32.58

* There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of the financial statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

	Particulars		As at 31st March, 2020		As at 31st March, 2019
(b)	**Value of imports calculated on CIF basis:**				
	Raw materials		13,85,85,889		10,48,75,783
	Capital goods		76,93,394		51,06,208
	Total		**14,62,79,283**		**10,99,81,991**
(c)	**Expenditure in foreign currency:**				
	Professional and consultation fees		-		-
	Other matters		2,33,69,760		1,49,71,293
	Total		**2,33,69,760**		**1,49,71,293**
(d)	**Details of consumption of imported and indigenous items**				
	(i) Raw materials Consumed				
	Indigenous	80.0%	56,15,13,534	81.8%	52,28,57,802
	Imported	20.0%	14,04,28,138	18.2%	11,61,74,092
	Total	100.0%	70,19,41,672	100.0%	63,90,31,894
	(ii) Stores and spares Consumed				
	Indigenous	100.0%	1,28,44,692	100.0%	1,43,32,753
	Imported	0.0%	-	0.0%	-
	Total	**100.0%**	**1,28,44,692**	**100.0%**	**1,43,32,753**
(e)	**Earnings in foreign exchange :**				
	Export of goods calculated on FOB basis		1,09,40,65,983		1,17,81,18,514
	Other (Insurance & Freight)		1,23,33,725		1,58,90,218
(f)	**Operating Lease**				
	The company's significant leasing arrangements are in respect of office and laboratory in Mumbai and warehouses at Tarapur and Navi Mumbai. The leasing arrangements are usually renewed by consent on an agreeable basis. The aggregate lease rentals payable is charged as "Rent" under Other Expenses.				
	Future minimum rentals (excluding taxes) payable under operating leases are as follows:				
	Within one year		85,89,645		1,11,15,728
	Later than one year but not later than five years		1,34,21,612		1,44,21,445
	Later than five years		-		-
	Rental expense relating to operating lease:				
	Minimum lease payments		1,14,10,872		1,24,30,656
	Total rental expense relating to operating lease		**1,14,10,872**		**1,24,30,656**

47. SEGMENTAL INFORMATION

The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same Annual Report. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard (Ind AS 108) "Operating Segments", no disclosures related to segments are presented in these standalone financial statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

48. REMEASUREMENT OF SECURITY DEPOSIT

Under IGAAP, interest-free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has recorded these security deposits at fair value under Ind AS. Differences between the fair value and the transaction value of the security deposits have been recognised as prepaid rent. Consequent to this change , the amount of security deposits decreased by ₹ 1,77,335 at 31st March, 2020 and decreased by ₹ 3,93,526 as at 31st March, 2019. The prepaid rent increased by ₹ 96,300 as at 31st March, 2020, Prepaid rent as on 31st March, 2019 amounted to ₹ 3,59,020 . Due to the discounting of security deposits and unwinding of interest income, the profit for the year as at 31st March, 2020 increased by ₹ 1,98,170.

49. CLASSIFICATION AND PRESENTATION OF ASSETS AND LIABILITIES

Under IGAAP, the Company was not required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Under Ind AS, the Company is required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Accordingly, the Company has classified and presented the assets and liabilities.

In the opinion of the management, the current assets, loans & advances have been stated at realizable value. Provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.

50. SUBSEQUENT EVENTS

i) The Board of Directors have recommended a dividend of ₹ 1.75 per fully paid up equity share of ₹ 5 each aggregating to ₹ 108.12 Lakhs for the Financial Year 2019-2020, which is based on relevant share capital as on 31st March, 2020.

ii) The Company evaluated all events and transactions that occurred after 31st March, 2020 through 29th June, 2020; the date on which the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements other than that mentioned above.

iii) The manufacturing facilities were closed from 22nd March, 2020 till 31st March, 2020 due to the Covid-19 lockdown. These manufacturing facilities have subsequently been started being exempted from lockdown by both the state and central governments being facilities for manufacture of pharmaceuticals. Challenges in terms of shortage of manpower, availability of raw materials and disruption in logistics and supply chain however continue. The company has considered the possible effects that may result due to the lockdown on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on internal and external sources of information and economic forecasts, the Company expects the carrying amount of these assets will be recovered and will continue to have sufficient liquidity to fund its business operations as well as expansion plans. However a definite assessment of the impact, at this stage, is not possible in view of the highly uncertain economic environment and the situation is still evolving.

51. The previous years figures have been recast, regrouped and rearranged whereever necessary.

(The accompanying notes 1 to 51 are an integral part of the financial statements)

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

INDEPENDENT AUDITOR'S REPORT

To,

The Members,

NGL FINE-CHEM LIMITED

Report on the consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **NGL FINE-CHEM LIMITED** ("hereinafter referred to as the Holding Company") and its wholly owned subsidiary Macrotech Polychem Private Limited (Holding Company along with its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of changes in Equity and the consolidated Statement of Cash Flows for the year ended , and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit and total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

In view of the Covid-19 pandemic situation and the nationwide lockdown imposed by the government, our attendance at the physical inventory verification done by the management was impracticable and we have therefore, relied on the related alternate audit procedure to obtain comfort over the existence and condition of inventory at year end.

Our opinion is not modified in respect of this matter

Key Audit Matters

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

Key Audit Report	How was the matter addressed in our audit
Revenue Recognition Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods. Revenue is measured based on transaction price, which is the consideration, adjusted for rebates, discounts and incentives as also estimated sales returns. Revenue is one of the key profit drivers and therefore, accounting of revenue is considered as a key audit matter. [Refer Note 2.07 to the consolidated financial statements]	**Our audit procedures, among other things, included the following:** • Considered the appropriateness of the Group's accounting policies regarding revenue recognition. • Testing controls, automated and manual, around dispatches/ deliveries/shipments inventory reconciliations and process of confirmation of receivable balances, testing for cut-offs and analytical review procedures. • Assessed the disclosures in accordance with the requirements of Ind AS 115 on "Revenue from Contracts with Customers".

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit Report	How was the matter addressed in our audit
Valuation of inventories The Group has complex product manufacturing process and thus, the overhead absorption over each process is quite complex and more particularly, to have the basis of absorption. The Group has worked out the overhead absorption cost rate based on the consumption of electricity of each process and apply the same for all other overheads. Due to significance of arriving at the overhead absorption rate for the valuation of inventories, it is considered to be a key audit matter. [Refer Note 2.06 to the consolidated financial statements]	**Our audit procedures, among other things, included the following:** • Evaluated the appropriateness of the basis applied to arrive at the overhead absorption rate. • Examined the workings of the absorption of over heads to arrive at the cost of inventories. • Our audit methodology involves process adopted to ascertain and evaluate the methods used are reasonable and absorbs overheads in an appropriate & logical manner. • Assessed the disclosures in accordance with the requirements of Ind AS 2 on "Inventories".
Allowance for Expected Credit Loss of Trade Receivables Provision for impairment by way of Allowance for Expected Credit Loss (ECL) of Trade Receivables require – • the appropriateness of accounting policies for determination of Allowance for ECL; • operational procedures and systems of internal control in estimation of ECL. • estimation of expected losses and appropriate assumptions and significant judgments on the recoverability of receivables; • the completeness, accuracy, relevance and reliability of historical information; • the Group's overall review of the estimate; and • the clarity and reasonableness of related ECL disclosures. In view of the determination of the basis and quantum of Allowance of ECL, it is a significant item in the financial statements and hence, considered to be a key audit matter. [Refer Note 2.15 to the consolidated financial statements]	**Our audit procedures included, among others, the following :** • Obtained sufficient and appropriate audit evidence about whether policies, operational procedures, internal control systems and other relative assumptions for estimation and determination of Allowance for ECL are reasonable. • Objectively evaluated the estimates made in the broader context of the financial statements as a whole; • Assessed the estimates and assumptions adopted by the Group in determining the need to recognize a provision and, where applicable, its amount; • Evaluated the completeness of disclosures in respect of Allowance for Expected Credit Loss.

Acquisition of 100% equity interest in Macrotech Polychem Private Limited on 15th May, 2019.
During the year, the Holding Company had acquired 100% equity shares of Macrotech Polychem Private Limited on 15th May, 2019. Accounting for the acquisition has involved judgment in order to:
• determine whether the acquisition constitutes a business;
• identify and measure the fair value of the identifiable assets acquired and liabilities assumed;
• allocate the purchase consideration between identifiable assets and liabilities and goodwill.
This is a material acquisitions for the Holding Company and given the level of estimation and judgement required, we considered it to be a key audit matter.
The most significant judgements relate to the identification and valuation of intangible assets acquired.
This includes complex valuation considerations and requires the use of specialists.
[Refer Note 50 of the consolidated financial statements.]
	Our procedures included but were not limited to:
	• We examined the terms and conditions of the shares purchased agreement.
	• We tested the completeness of the identified assets and liabilities acquired, through discussion with the management.
	• We assessed the Company's determinations of fair values for assets and liabilities acquired and the methods used to value the underlying assets by:
	   • Reading the valuation report prepared by the appointed external valuation specialists.
	   • Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key Audit Report	How was the matter addressed in our audit
Adoption of Ind AS116 Leases As described in Note 2.19 to the financial statements, the Group has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Group has leases with different contractual term. Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. [Refer Note 2.19 to the consolidated financial statements]	**Our audit procedures on adoption of Ind AS116 includes:** • Assessed and tested new processes and controls in respect of the lease accounting standard(Ind AS 116). • Assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business. • Involved our expertise to evaluate the reasonableness of the discounting rate applied in the lease liability. • Upon transition as at 1st April,2019: i) Evaluated the method of transition and related adjustment. ii) Tested completeness of the lease data and examined if there were any material impact on the method adopted by the Group. • We performed the following procedures: i) assessed the key terms and conditions of each lease with the underlying lease contracts and ii) evaluate computation of lease liabilities. • Assessed and tested the presentation and disclosure relating to Ind AS including disclosures relating to transition if any.

Information Other than the consolidated Ind AS Financial Statements and Auditor's Report Thereon

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

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

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

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

Management's Responsibility for the consolidated Ind AS Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to

INDEPENDENT AUDITOR'S REPORT (Contd.)

cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.

INDEPENDENT AUDITOR'S REPORT (Contd.)

c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.

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

e) On the basis of the written representations received from the directors as on March 31st, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31st, 2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.

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

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

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

   (i) The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated Ind AS Financial Statements- Refer Note 32 to the consolidated Ind AS Financial Statements.

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

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

For **MANEK & ASSOCIATES**
Chartered Accountants
Firm's registration number: 0126679W

Sd/-
SHAILESH MANEK
Proprietor
Membership number: 034925
UDIN: 20034925AAAACT4330

Mumbai
Dated: June 29th, 2020

ANNEXURE - A
TO THE AUDITORS' REPORT

Report on the Internal Financial Controls over financial reporting 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 the Group as of 31st March, 2020 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 Group'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 Group'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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group'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 Group'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 Group; (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 Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group'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.

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

Opinion

In our opinion, the Group 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, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **MANEK & ASSOCIATES**
Chartered Accountants
Firm's registration number:
0126679W

Sd/-
SHAILESH MANEK
Proprietor
Membership number: 034925
UDIN: 20034925AAAACT4330

Mumbai
Dated: June 29th, 2020

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	67,35,21,038	60,81,88,685
(b) Intangible assets	4	39,17,208	12,14,329
(c) Financial assets			
(i) Investments	5	-	-
(ii) Loans	6	-	-
(iii) Others	7	4,57,82,046	1,08,83,757
(d) Other non-current assets	8	43,71,609	76,74,684
Total non-current assets		**72,75,91,901**	**62,79,61,455**
(2) Current assets			
(a) Inventories	9	27,89,68,693	18,61,01,194
(b) Financial assets			
(i) Investments	10	10,65,06,070	8,68,99,194
(ii) Trade receivables	11	26,19,26,643	33,12,39,179
(iii) Cash and cash equivalents	12	39,88,582	78,89,268
(iv) Bank balances other than (iii) above	13	2,75,92,690	2,34,94,635
(v) Others	14	2,94,33,630	3,47,84,913
(c) Other current assets	15	10,02,00,708	12,35,36,294
Total current assets		**80,86,17,016**	**79,39,44,677**
Total Assets		**1,53,62,08,916**	**1,42,19,06,132**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	3,08,90,120	3,08,90,120
(b) Other equity			
(i) Reserves and surplus	17	95,87,17,805	89,03,40,288
Share application money pending allotment		-	-
Total Equity		**98,96,07,925**	**92,12,30,408**
(1) Non-current liabilities			
(a) Financial liabilites			
(i) Borrowings	18	8,32,47,725	8,00,67,523
(b) Provisions	19	2,10,75,868	1,40,15,989
(c) Deferred tax liabilities	20	98,78,177	2,23,44,379
(d) Other non-current liabilities	21	20,09,730	25,69,198
Total non-current liabilities		**11,62,11,500**	**11,89,97,089**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	14,60,07,799	15,30,98,715
(ii) Trade payables	23	20,83,03,729	16,11,52,836
(iii) Other financial liabilities	24	6,34,20,865	5,60,70,311
(b) Provisions	19	1,26,38,129	30,40,812
(c) Current Tax Liabilities (Net)	25	-	83,03,770
(d) Other Current Liabilities	26	18,969	12,191
Total current liabilities		**43,03,89,491**	**38,16,78,635**
Total Liabilities		**54,66,00,991**	**50,06,75,724**
Total Equity and Liabilities		**1,53,62,08,916**	**1,42,19,06,132**

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

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
INCOME			
Revenue from Operations	27	1,51,68,63,938	1,53,17,43,169
Other income	28	3,05,07,935	4,11,95,340
Total income		**1,54,73,71,873**	**1,57,29,38,509**
EXPENSES			
Cost of materials consumed	29	69,75,19,716	63,90,31,894
Changes in inventories of finished goods and work in progress	30	(5,38,51,572)	(1,26,64,705)
Employee benefits expense	31	24,03,94,216	21,16,49,053
Other expenses	32	43,89,14,583	37,33,84,116
Finance Cost	33	2,25,52,052	2,28,70,791
Depreciation expense	3	8,11,20,101	6,30,01,983
Total expenses		**1,42,66,49,096**	**1,29,72,73,132**
Profit before tax from continuing operations		**12,07,22,777**	**27,56,65,377**
Current tax	45	(4,84,00,000)	(7,80,00,000)
Less: MAT Credit	45	-	-
Current tax expense relating to prior years		(10,41,237)	(21,87,885)
Deferred tax (expense)/writeback		1,20,71,284	57,90,725
Income tax expense		**(3,73,69,953)**	**(7,43,97,160)**
Profit for the year from continuing operations		**8,33,52,824**	**20,12,68,217**
Other comprehensive income (OCI)			
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Profit/(Loss) on acturial valuation of post employment benefits		(29,17,907)	(6,43,635)
Add/(Less): Income tax expense		7,34,379	1,87,427
Other comprehensive income for the year, net of tax		**(21,83,528)**	**(4,56,208)**
Total comprehensive income for the year		**8,11,69,296**	**20,08,12,009**
Earnings per equity share (for continuing operations)			
Basic		13.49	32.58
Diluted		13.49	32.58

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

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2020

A. EQUITY SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Value	Number of shares	Value
Balance at beginning of year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issue of share capital	-	-	-	-
Balance at end of year	**61,78,024**	**3,08,90,120**	**61,78,024**	**3,08,90,120**

B. OTHER EQUITY

(All amounts are in ₹ unless stated otherwise)

Particulars	Equity share capital	Reserves and Surplus			Total	Items of OCI
		Securities Premium	Retained Earnings	Other reserves		Remeasurement of net defined benefit liability /asset
At 31st March, 2019	**3,08,90,120**	**11,73,981**	**86,82,37,625**	**2,09,28,682**	**92,12,30,408**	**-**
Profit for the year			8,33,52,824		8,33,52,824	-
Less:- Dividend Paid (inclusive of taxes)			(1,30,33,887)		(1,30,33,887)	
Other comprehensive income for the year			(21,83,528)		(21,83,528)	(21,83,528)
Less:Accumulated losses of Subsidiary			2,42,108		2,42,108	-
At 31st March, 2020	**3,08,90,120**	**11,73,981**	**93,66,15,142**	**2,09,28,682**	**98,96,07,925**	**(21,83,528)**

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

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extraordinary items and tax	**12,07,22,777**	**27,56,65,377**
Preacquisition losses of Subsidiary (01-04-2019 to 14-05-2019)	2,42,108	-
Adjustments for:		
Depreciation and amortisation expense	8,11,20,101	6,30,01,983
Finance costs	2,25,52,052	2,28,70,791
Dividend income	-3,04,433	-2,46,291
Interest income	-22,37,635	-15,40,278
Loss/(Gain) on MTM of investments	2,24,35,215	-49,56,752
Other Comprehensive Income	-21,83,528	-4,56,208
Operating profit before working capital changes	**24,23,46,657**	**35,43,38,622**
Changes in working capital:		
Adjustments for (increase)/ decrease in operating assets:		
Inventories	-9,28,67,499	-1,79,95,870
Other non current financial assets	-3,48,98,289	4,05,92,778
Other non-current assets	33,03,075	-38,34,274
Trade receivables	6,93,12,536	-5,45,66,589
Other current financial assets	-1,83,53,648	-3,26,47,589
Other current assets	2,33,35,586	-5,42,86,697
	-5,01,68,239	**-12,27,38,241**
Adjustments for increase/ (decrease) in operating liabilities:		
Trade payables	4,71,50,892	-7,41,93,999
Other current financial liabilities	73,50,554	25,10,237
Other current provisions	95,97,317	6,11,649
Other current liabilities	-82,96,992	78,49,514
Other non current liabilities	-1,30,25,670	-46,41,821
Other non-current provisions	70,59,879	-8,69,964
	4,98,35,980	**-6,87,34,384**
Cash generated from operations	**24,20,14,398**	**16,28,65,997**
Net income tax paid	-3,73,69,953	-7,43,97,160
Net cash flow from operating activities (A)	**20,46,44,445**	**8,84,68,838**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Gain on sale of investments	-2,24,35,215	49,56,752
Dividend income	3,04,433	2,46,291
Interest Income	22,37,635	15,40,278
Finance Cost	-2,25,52,052	-2,28,70,791
Dividend Paid	-1,30,33,887	-
Non current Investments	-	-
Non current Loans	-	-
Long term borrowings	31,80,202	-4,35,33,042
Short term borrowings	-70,90,916	4,04,52,812
Purchases of Fixed assets	-14,91,55,332	-14,49,80,454
Loss of capital goods by fire	-	6,87,45,424
Disposal of fixed assets	-	-
Net cash flow used in investing activities (B)	**-20,85,45,132**	**-9,54,42,730**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	-
Share application money	-	-
Share Premium	-	-
Net cash flow from/ (used in) financing activities (C)	**-**	**-**
Net increase/ (decrease) in Cash and cash equivalents (A+B+C)	**-39,00,686**	**-69,73,892**
Add: Cash and cash equivalents at the beginning of the year	78,89,268	1,48,63,162
Cash and cash equivalents at the end of the year	**39,88,582**	**78,89,270**

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents at the end of the year*		
*Comprises of:		
(a) Cash on hand	5,37,710	4,42,835
(b) Balances with banks		
(i) In current accounts	34,50,872	74,46,435
	39,88,582	**78,89,270**

* Include towards Unclaimed Dividend of ₹ 384,324.50

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

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless stated otherwise)

1. CORPORATE INFORMATION

NGL Fine-Chem Limited (Company) together with its subsidiary – Macrotech Polychem Private Limited (Subsidiary) is hereinafter referred to as "Group". NGL Fine-Chem Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (CIN: L24110MH1981PLC025884). Its shares are listed on the Bombay Stock Exchange. The Company is a manufacturer of pharmaceuticals and intermediates for usage in veterinary and human health. The Company caters to various global companies to custom manufacture high quality pharmaceuticals. Macrotech Polychem Private Limited, a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (CIN: U24100MH2004PTC145189) is a 100% subsidiary of NGL Fine-Chem Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

Financial statements for the year ended 31st March, 2020 are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 together with comparative period data as at and for the year ended 31st March, 2019. The acquisition of Macrotech Polychem Private Limited by NGL Fine-Chem Limited was done on 15th May, 2019. Consequently data for year ended 31st March, 2019 is only for NGL Fine-Chem Limited, the holding company.

2.02 Functional currency and presentation currency

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

The financial statements are presented in Indian Rupees.

Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation difference on items whose fair value gain or loss is recognised in the statement of Other Comprehensive Income (OCI) or the statement of profit or loss is also recognised in the statement of OCI or the statement of profit or loss, respectively).

2.03 Use of estimates

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

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

- Valuation of financial instruments
- Useful life of property, plant and equipment
- Useful life of intangible assets (excluding Goodwill)
- Provisions

2.04 Principles of Consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that the control ceases. The financial statements of the Company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in

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

those policies, unless otherwise mentioned separately under these notes.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

2.05 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when

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

The Group classifies all other liabilities as non-current.

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

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

2.06 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair

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

value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

2.07 Inventories

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

2.08 Revenue recognition

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

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

Revenue from sale of goods and services

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

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

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

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

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

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

Other income

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

2.09 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Property, plant and equipment and capital work in progress cost include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

Depreciation in accounts is charged on Straight Line Method for NGL Fine-Chem Limited based on the management’s estimate of useful life of each class of assets and considering the useful life prescribed by

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

Schedule II of the Companies Act, 2013 on the cost, as reduced by the amount of Excise Cenvat, GST and VAT setoff claimed.

Depreciation in accounts is charged on Written Down Method for Macrotech Polychem Private Limited based on the management's estimate of useful life of each class of assets and considering the useful life prescribed by Schedule II of the Companies Act, 2013 on the cost, as reduced by the amount of Excise Cenvat, GST and VAT setoff claimed.

Subsequent cost

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

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

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

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

2.10 Intangible assets

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

Goodwill represents the purchase consideration in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the purchase consideration, the fair value of net assets acquired is reassessed and the bargain purchase gain is recognised in capital reserve.

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

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

Subsequent expenditure

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

Amortisation of intangible assets with finite useful lives:

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

Goodwill is measured at cost less accumulated impairment losses. Impairment Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a CGU is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period

2.11 Earning per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing

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

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.

2.12 Taxes

Current income tax

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

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

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

Deferred tax

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

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

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

2.13 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds are charged to statement of profit and loss.

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

2.14 Provisions and contingent liabilities

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

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

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

2.15 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.16 Financial instruments

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

Financial asset

Initial recognition and measurement

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

Investment in subsidiaries are carried at cost less impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Subsequent measurement

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

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

Financial assets at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

Instruments included within the FVTPL category are measured at fair value with all changes recognised in

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

the statement of profit and loss.

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

De-recognition

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material lay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financials assets

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

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

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

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

Financial assets measured at FVTOCI - Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or it expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing

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

liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

Embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way like a standalone derivative.

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

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

Compound instruments

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

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

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

Offsetting of financial instruments

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

2.17 Cash and cash equivalents

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

2.18 Employee benefits

i) Defined contribution plans (Provident Fund)

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

ii) Defined benefit plans (Gratuity)

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

iii) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accrued absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Group recognises an obligation for compensated absences in the period in which the employee renders the services. The Group provides for the expected cost of compensated absence in the statement of profit and loss as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

2.19 Segment reporting

As the Group's business activities fall within a single primary business segment of pharmaceuticals, the disclosure requirements of Ind AS 108 in this regard are not applicable, except to the extent of reporting revenues based on different geographical areas.

2.20 Leases

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

Group as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate

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

of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Ind AS 116 Leases:

In March 2019, the Ministry of Corporate Affairs, issued the Companies (Indian Accounting Standards) Amendment Rules 2018, notifying Ind AS 116 "Leases" which replaces Ind AS 17 "Leases". The new standard shall require lessees to recognise the Leases on their Balance Sheet with limited exemptions related to low value asset and assets with a lease term of less than 12 months.

Lessees will use a single accounting model for all leases. Accordingly the lessee is required to recognise "Right of Use" asset representing its right to use the underlying asset and a "Lease Liability" representing its obligations to make lease payments.

The group is required to adopt Ind AS 116 Leases from 1st April 2019. The group will have to recognise "Right to Use" assets and "Lease Liability" for its operating leases. Upon application of the new standard, the nature of expenses relating to the leases will change and accordingly the Group will recognise a depreciation charge for Right-to-Use assets and interest expense on unwinding of lease liabilities as against lease expenses recognised upto 31st March, 2019. The new standard also provides two broad alternative transition approach – Retrospective Method and Cumulative Effect Method with practical expedient.

Based on preliminary assessment, there is no significant impact on initial application to the Statement of Profit and Loss of the Group.

2.21 Government Grants

Government grants are initially recognised at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant;

- In case of capital grants, the amount of grant received is set off against the value of the fixed asset against which the grant has been given.
- In case of grants that compensate the Group for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

2.22 Global Health Pandemic on Covid-19 and subsequent lockdown

The outbreak of Covid-19 pandemic globally and in India is causing a significant downturn in economic activity. In many countries, businesses are being required to cease or limit their activities for long or indeterminate length of time. Measures taken to contain the spread of Covid-19 include restrictions on travel, quarantines, social distancing and closure of non-essential services have resulted in economic slowdown and stress on businesses.

Covid-19 is impacting the operations of the Company, by way of interruption in the supply chain, disruption in production, unavailability of personnel, etc. On 22nd March 2020, The Government of Maharashtra ordered a lockdown in Maharashtra and this was followed by the Government of India implementing a lockdown from 24th March 2020 till 3rd May 2020. The company is a manufacturer of pharmaceuticals which are classified as essential commodities by the government. The company was able to restart operations from 1st April 2020, however unavailability of personnel and supply chain disruptions are expected to continue to affect operations till the lockdown is lifted and the restrictions regularised by the government.

In assessing the recoverability of the Company's assets such as investments, loans and advances, intangible assets, goodwill, trade receivables, etc., the Company has considered internal and external information. The company has performed a sensitivity analysis on the assumptions used basis the internal and external information. The company expects to recover the carrying amount of assets.

2.23 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies the new standards on amendments to the existing standards. Under mentioned changes of IND AS have become applicable from financial year beginning 1st April 2019. However the adoption of these changes does not have any impact on the financial statement as there are no transactions covered under these amendments:

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

Appendix C to IND AS 12: 'Uncertainty over Income Tax Treatments'

Amendments to IND AS 109: 'Prepayment features with negative compensation'

Amendment to IND AS 19: 'Plan amendment, curtailment or settlement'

Amendments to IND AS 28: 'Long term interest in associates and joint ventures'

Amendments to IND AS 103: 'Party to a joint arrangements obtains control of a business'

Amendments to IND AS 111: 'Joint Arrangements'

Amendments to IND AS 12: 'Income Taxes'

Amendments to IND AS 23: 'Borrowing cost'

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3. PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK					DEPRECIATION/AMORTIZATION					NET BLOCK	
	As on 01-Apr-19	Additions due to Acquisition	Additions	Deductions	As at 31-Mar-20	As on 01-Apr-19	Additions due to Acquisition	For the year	Additions/ (-)Deductions	As at 31-Mar-20	As at 31-Mar-20	As on 01-Apr-19
Leasehold land	3,12,90,596	-	-	-	3,12,90,596	10,08,156	-	3,30,660	-	13,38,816	2,99,51,780	3,02,82,440
Buildings	19,17,41,275	70,56,752	6,11,45,839	-	25,99,43,867	1,16,09,045	41,09,921	1,20,48,578	-	2,77,67,544	23,21,76,323	18,01,32,230
Plant and Equipment	49,07,61,206	3,83,46,293	6,78,24,421	-22,03,197	59,47,28,722	10,61,67,997	2,38,52,673	6,51,04,650	-6,22,227	19,45,03,092	40,02,25,630	38,45,93,209
Furniture and Fixtures	39,26,126	3,88,832	2,92,042	-	46,07,000	14,16,006	2,94,214	5,30,478	-	22,40,698	23,66,302	25,10,120
Vehicles	1,44,50,577	-	-	-	1,44,50,577	59,41,156	-	18,74,489	-	78,15,645	66,34,932	85,09,421
Office Equipments	43,31,507	-	9,36,385	-59,394	52,08,498	21,70,242	-	9,26,814	-54,628	30,42,428	21,66,070	21,61,265
Total	**73,65,01,287**	**4,57,91,877**	**13,01,98,688**	**-22,62,591**	**91,02,29,261**	**12,83,12,602**	**2,82,56,807**	**8,08,15,669**	**-6,76,855**	**23,67,08,223**	**67,35,21,038**	**60,81,88,685**
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-
Previous Year	63,21,07,223	-	17,76,32,475	-7,32,38,411	73,65,01,287	7,06,58,254	-	6,21,47,335	-44,92,987	12,83,12,602	60,81,88,685	56,14,48,969

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

4. INTANGIBLE ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	GROSS BLOCK					DEPRECIATION/AMORTIZATION					NET BLOCK	
	As on 01-Apr-19	Additions due to Acquisition	Additions	Deductions	As at 31-Mar-20	As on 01-Apr-19	Additions due to Acquisition	For the year	Additions/ (-)Deductions	As at 31-Mar-20	As at 31-Mar-20	As on 01-Apr-19
Computer Software	42,13,470	-	21,56,901	-	63,70,371	29,99,141	-	9,81,287	-	39,80,428	23,89,943	12,14,329
Goodwill	-	-	15,27,265	-	15,27,265	-	-	-	-	-	15,27,265	-
Total	**42,13,470**	**-**	**36,84,166**	**-**	**78,97,636**	**29,99,141**	**-**	**9,81,287**	**-**	**39,80,428**	**39,17,208**	**12,14,329**
Previous Year	39,43,470	-	2,70,000	-	42,13,470	21,44,494	-	8,54,647	-	29,99,141	12,14,329	17,98,976

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

5. OTHER NON CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Others		
Earnest money deposit	4,20,00,000	1,00,00,000
Advance income tax (Net of provision)	37,82,046	8,83,757
Total	**4,57,82,046**	**1,08,83,757**

6. OTHER NON CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital advances	42,48,702	72,46,361
Prepaid lease rent	96,300	3,59,020
Deferred processing fees	26,607	69,303
Total	**43,71,609**	**76,74,684**

7. INVENTORIES

(At cost or realizable value whichever is lower)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw materials	8,66,88,171	4,74,43,143
Work-in-progress	13,03,03,323	10,56,21,045
Finished goods	5,95,57,622	3,03,88,328
Fuel & Oil	5,01,310	11,99,327
Consumables	10,44,557	9,46,696
Packing Materials	8,73,710	5,02,655
Total	**27,89,68,693**	**18,61,01,194**

8. CURRENT INVESTMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of units	Amount	No. of units	Amount
Investments in Equity Instruments				
Quoted				
Tata Consultancy Services Ltd.	1,168	21,29,322	1,168	23,36,467
Investment in mutual funds				
Quoted				
Aditya Birla Sun Life Equity fund	4,971	26,75,823	14,941	1,09,16,201
Aditya Birla Sunlife Banking & Financial Services Fund	-	-	1,60,338	47,25,150

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of units	Amount	No. of units	Amount
Aditya Birla Sun Life Frontline Equity Fund	6,489	10,71,033	26,079	59,12,679
Axis Midcap Fund	1,04,235	33,93,902	1,04,235	37,96,251
Mirae Asset Hybrid-Equity Fund	1,38,331	17,09,776	-	-
DSP Equity Fund	98,888	32,06,527	9,431	21,04,829
Franklin India Focused Equity Fund	1,07,799	31,50,953	93,112	38,60,567
HDFC Equity Fund	2,300	10,52,992	2,300	15,67,088
HDFC Top 100 Fund	49,597	14,43,681	43,834	21,45,624
ICICI Prudential Multi Asset Fund	5,381	11,35,494	18,676	50,04,708
ICICI Prudential Floating Interest Fund	49,660	1,49,06,852	49,660	1,38,15,129
IDFC Infrastructure Fund	1,45,459	13,35,312	2,03,726	31,08,857
IDFC Multi Cap Fund	15,634	11,23,588	24,342	22,84,698
Kotak Equity Opportunities Fund	12,684	12,08,556	-	-
Kotak Standard Multicap Fund	1,93,274	52,20,328	1,73,150	61,43,003
L&T Emerging Business Fund	89,272	13,48,907	1,92,708	48,26,561
L&T India Value Fund	40,652	10,06,454	97,071	35,07,649
Motilal Oswal Most Focused Multicap Fund	55,614	10,83,725	43,413	11,27,661
SBI Bluechip Fund	36,973	10,99,997	42,527	16,67,314
SBI Magnum Multicap Fund	45,521	16,86,007	45,521	22,15,404
Sundaram Rural India Fund	52,422	16,69,157	1,38,959	58,33,354
ABSL Equity Fund	7,368	42,39,936	-	-
ABSL Income Fund	2,10,232	1,99,62,705	-	-
ABSL Midcap Fund	19,962	41,30,352	-	-
ABSL Small Cap Fund	88,819	19,33,324	-	-
AXIS Banking & PSU Debt Fund	1,630	31,15,219	-	-
AXIS Bluechip Fund	1,95,054	50,71,394	-	-
AXIS Small Cap Fund	1,32,275	32,02,381	-	-
BNP Paribas Large CAP Fund	42,882	32,47,856	-	-
ICICI Prudential Smallcap Fund	1,64,406	29,36,293	-	-
HDFC Index Fund - NIFTY	57,977	45,49,255	-	-
HDFC MID-CAP Opportunities Fund	37,391	14,58,969	-	-
Total		**10,65,06,070**		**8,68,99,194**

Details of quoted investments

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Book Value	11,80,50,994	7,22,17,689
Market Value	10,65,06,070	8,68,99,194

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

9. TRADE RECEIVABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured considered good	26,27,21,042	33,12,39,179
Unsecured considered doubtful	4,42,500	1,70,340
	26,31,63,542	**33,14,09,519**
Less: Allowance for doubtful Debts	(12,36,899)	(1,70,340)
Total Receivables	**26,19,26,643**	**33,12,39,179**
Current	26,19,26,643	33,12,39,179
Non-current	-	-

10. CASH AND CASH EQUIVALENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
- Cash on hand	5,37,710	4,42,833
- Balances with banks	34,50,872	74,46,435
Total	**39,88,582**	**78,89,268**

11. BANK BALANCES OTHER THAN ABOVE

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits with bank	2,75,92,690	2,34,94,635
Total	**2,75,92,690**	**2,34,94,635**

(i) Deposits of ₹ 1,00,00,000 (previous year ₹ 1,74,05,883) with maturity of more than 12 months.

12. OTHER CURRENT FINANCIAL ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Advance to vendors	32,10,279	50,72,997
Security deposits	1,56,41,009	1,40,12,500
Interest accrued on FDR	17,14,002	10,00,958
Advances to employees	14,70,630	8,82,490
Others	73,97,710	1,38,15,968
Total	**2,94,33,630**	**3,47,84,913**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

13. OTHER CURRENT ASSETS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	99,95,253	1,10,09,790
Balance with government authorities	4,47,05,455	6,59,98,648
Others	4,55,00,000	4,65,27,856
Total	**10,02,00,708**	**12,35,36,294**

14. SHARE CAPITAL

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number	Amount	Number	Amount
Authorised share capital				
At the beginning of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	1,00,00,000	5,00,00,000	1,00,00,000	5,00,00,000
Issued share capital				
At the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Increase/ (decrease) during the year	-	-	-	-
At the end of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120

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

b) Details of Share holder holding more than 5% shares in the Company :

(All amounts are in ₹ unless stated otherwise)

Name of the shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number	% Holding	Number	% Holding
Equity shares				
Rahul J Nachane	10,83,450	17.54%	10,83,450	17.54%
Rajesh N Lawande	11,43,811	18.51%	11,43,811	18.51%
Sunita Sandip Potdar	8,92,957	14.45%	8,92,957	14.45%
Ajita Rahul Nachane	7,13,449	11.55%	7,13,449	11.55%
PCI Fermone Chemicals (I) Pvt. Ltd.	5,17,871	8.38%	5,18,971	8.40%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

c) Reconciliation of the number of equity shares and share capital:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	61,78,024	3,08,90,120	61,78,024	3,08,90,120
Issued during the year	-	-	-	-
Outstanding at the end of the year	**61,78,024**	**3,08,90,120**	**61,78,024**	**3,08,90,120**

15. RESERVES AND SURPLUS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital reserve		
Balance at the beginning of the year	1,50,00,000	1,50,00,000
Add: Additions during the year	-	-
Balance at the end of the year	**1,50,00,000**	**1,50,00,000**
Securities premium		
Balance at the beginning of the year	11,73,981	11,73,981
Add: Additions during the year	-	-
Balance at the end of the year	**11,73,981**	**11,73,981**
General reserve		
Balance at the beginning of the year	19,23,714	19,23,714
Add: Additions during the year	40,04,968	-
Balance at the end of the year	**59,28,682**	**19,23,714**
Amalgamation Reserve Account		
Balance at the beginning of the year	40,04,968	40,04,968
Less: Transferred to General Reserve	(40,04,968)	-
Balance at the end of the year	**-**	**40,04,968**
Retained earnings		
Opening Balance	86,82,37,625	66,74,25,616
Add: Profit for the year	8,11,69,296	20,08,12,009
Less:Accumulated losses of Subsidiary	2,42,108	-
Less: Appropriations		
Dividend on Equity Shares (₹ 1.75/- Per Share)	(1,08,11,542)	-
Tax on Dividend	(22,22,345)	-
Closing Balance	**93,66,15,142**	**86,82,37,625**
Total	**95,87,17,805**	**89,03,40,288**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Notes:

i) Capital Reserve: It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the group for business amalgamation transaction in earlier years.

ii) Share Premium: This is the difference between the face value of the equity shares and the consideration received in respect of shares issued.

iii) General Reserve: The group created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act, 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the group.

iv) Amalgamation Reserve: Reserve was created when certain statutory reserves needed to be maintained by the transferee group during the scheme of amalgamation, which were previously maintained in the books of transferor group. During the year this reserve has been transfered to General Reserve.

16. NON CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term loans from banks:		
Term Loans from HDFC Bank	8,32,47,725	7,86,90,537
Vehicle Loan from HDFC Bank	-	1,24,479
Vehicle Loan from Axis Bank	-	12,52,507
Total	**8,32,47,725**	**8,00,67,523**

Terms and conditions of loans

Term loan from HDFC Bank is @ 9.60% 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 personally guaranteed by Rahul Nachane & Rajesh Lawande, Directors of the Company.

17. PROVISIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Leave Encashment	1,52,04,581	1,05,89,003
Gratuity	58,71,287	34,26,986
	2,10,75,868	**1,40,15,989**
Current		
Leave Encashment	17,11,499	12,95,992
Gratuity	22,99,123	17,44,820
Others	86,27,507	-
	1,26,38,129	**30,40,812**
Total	**3,37,13,997**	**1,70,56,801**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

18. DEFERRED TAX LIABILITIES (NET)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance as at April 1st	2,26,83,840	2,83,22,531
Tax (Income)/Expense during the period recognised in:	-	-
(i) Statement of Profit and Loss in Profit or Loss section	(1,20,71,284)	(57,90,725)
(ii) Statement of Profit and Loss under OCI section	(7,34,379)	(1,87,427)
(iii) Retained earnings	-	-
Closing balance as at March 31st	**98,78,177**	**2,23,44,379**

19. OTHER NON CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Lease equalisation reserve	20,09,730	25,69,198
Total	**20,09,730**	**25,69,198**

20. CURRENT BORROWINGS

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
From banks for working capital	14,60,07,799	15,30,98,715
Total	**14,60,07,799**	**15,30,98,715**

(a) Working capital loans are personally guaranteed by Mr. Rahul Nachane, Managing Director and Mr. Rajesh Lawande, Whole-Time Director & CFO

(b) Working capital loans comprise of loans repayable on demand in the form of cash credit, pre shipment finance and post shipment finance. These are secured by hypothecation of inventories, trade receivables and book debts. Interest payable on these loans is MCLR + 0.9% p.a.

21. TRADE PAYABLES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Trade payables		
Acceptances	1,42,51,183	67,21,099
Other than Acceptances	19,40,52,546	15,44,31,737
Total	**20,83,03,729**	**16,11,52,836**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Notes

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Of the above,		
payables to Micro and Small Enterprises	4,64,93,776	43,67,484

This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the auditors.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal amount due and remaining unpaid	4,64,93,776	43,67,484
Interest due on the above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed date during the year	-	44,705
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	620
Amount of further interest remaining due and payable in succeeding year	-	-

22. OTHER FINANCIAL LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Current Maturities of Long Term Debts	5,30,57,461	3,84,54,307
Payables for Capital Purchases	1,03,63,404	1,76,16,004
Total	**6,34,20,865**	**5,60,70,311**

Note: Current Maturities of Long Term debts comprise of secured borrowing listed in Note 18

23. CURRENT TAX LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	83,03,770	4,58,490
Add: Current tax payable for the year	4,84,00,000	7,80,00,000
Less: Taxes paid	(5,67,03,770)	(7,01,54,720)
Total	**-**	**83,03,770**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

24. OTHER CURRENT LIABILITIES

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest payable	18,969	12,191
Total	**18,969**	**12,191**

25. REVENUE FROM OPERATIONS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products	1,48,95,45,406	1,50,77,53,227
Other operating revenue	2,73,18,532	2,39,89,942
Total revenue from operations	**1,51,68,63,938**	**1,53,17,43,169**

Note: Other operating revenues comprise of duty drawback and other export incentives.

26. OTHER INCOME

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income	22,37,635	15,40,278
Dividend income	-	-
- from current investments	3,04,433	2,46,291
Other non-operating income (net of expenses directly attributable to such income)	8,46,158	77,96,361
Net gain on sale or fair valuation of investments	-	49,56,752
Gain on exchange fluctuations	2,71,19,709	2,66,55,658
Total	**3,05,07,935**	**4,11,95,340**

27. COST OF MATERIALS CONSUMED

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Raw materials at the beginning of the year	4,74,43,143	4,27,12,031
Add: Purchases	73,67,64,744	64,37,63,006
Less: Raw material at the end of the year	(8,66,88,171)	(4,74,43,143)
Total cost of raw materials consumed	**69,75,19,716**	**63,90,31,894**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventories at the end of the year:		
Finished goods	5,95,57,622	3,03,88,328
Work-in-progress	13,03,03,323	10,56,21,045
	18,98,60,945	**13,60,09,373**
Inventories at the beginning of the year:		
Finished goods	3,03,88,328	3,38,63,468
Work-in-progress	10,56,21,045	8,94,81,200
	13,60,09,373	**12,33,44,668**
Total changes in inventories of finished goods and work-in-progress	**(5,38,51,572)**	**(1,26,64,705)**

29. EMPLOYEE BENEFITS EXPENSE

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	22,61,96,999	19,78,61,894
Contribution to provident fund and other funds	90,51,740	84,53,891
Staff welfare expenses	51,45,477	53,33,268
Total	**24,03,94,216**	**21,16,49,053**

Disclosure pursuant to Ind AS 19 - "Employee Benefits"

(i) Defined contribution plans: Note 2.17

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contribution to provident fund	62,35,909	57,59,748

(ii) Defined benefit plans: Note 2.17

Gratuity Plan

(a) Funded status of the plan

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A) Present value of defined benefit obligation		
- Wholly funded	2,01,70,363	1,45,36,666
- Wholly unfunded	21,568	-
	2,01,91,931	**1,45,36,666**
Less: Fair value of plan assets	-1,20,21,521	-93,64,860
Amount to be recognised as liability or (asset)	**81,70,410**	**51,71,806**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
B) Amounts reflected in Balance Sheet	-	-
Liabilities	81,70,410	51,71,806
Assets	-	-
Net liability/(asset)	**81,70,410**	**51,71,806**
Net liability/(asset) - current	22,99,123	17,44,820
Net liability/(asset) - non current	58,71,287	34,26,986

(b) The amount recognised in the Statement of Profit and Loss are as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
1. Current service cost	17,66,388	14,35,534
2. Past service cost and loss/(gain) on curtailments and settlements	-	-
3. Interest cost	3,26,754	3,81,647
Total charge to Profit & Loss	**20,93,142**	**18,17,181**

(c) The amount recognized in Other Comprehensive Income

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Components of actuarial gain/(losses) on obligations		
Due to change in financial assumptions	16,54,835	-
Due to change in demographic assumptions	-7,739	-
Due to experience adjustments	13,25,782	6,54,559
Return on plan assets excluding amount included in interest income	-54,971	-10,924
Amount recognized in Other Comprehensive Income	29,17,907	6,43,635

(d) Reconciliation of defined benefit obligation

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening defined benefit obligation	1,45,36,666	1,16,74,098
Transfer in/(out) obligation	-	-
Current service cost	17,66,388	14,35,534
Interest cost	10,54,714	8,60,801
Actuarial loss/(gain) due to change in financial assumptions	16,54,835	-
Actuarial loss/(gain) due to change in demographic assumptions	-7,739	-
Actuarial loss/(gain) due to experience adjustments	13,25,782	6,54,559
Past service cost	-	-
Loss/(gain) on curtaiments	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-1,38,715	-88,326
Closing defined benefit obligation	**2,01,91,931**	**1,45,36,666**

(e) Reconciliation of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening value of plan assets	93,64,860	59,34,651
Transfer in/(out) of plan assets	-	-
Interest income	7,27,960	4,79,154
Return on plan assets excluding amount included in interest income	54,971	10,924
Assets distributed on settlements	-	-
Contributions by employer	20,12,445	17,36,052
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-1,38,715	-88,326
Adjustment to the opening fund	-	12,92,405
Closing balance of plan assets	**1,20,21,521**	**93,64,860**

(f) Reconciliation of net defined benefit liability

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net opening provision in books of accounts	51,71,806	57,39,447
Transfer in/(out) obligation	-	-12,92,405
Transfer in/(out) plan assets	-	-
Employee benefit expense (from (b) above)	20,93,142	18,17,181
Amounts recognised in other comprehensive income (from (c) above)	29,17,907	6,43,635
	1,01,82,855	**69,07,858**
Contribution to plan assets	-20,12,445	-17,36,052
Closing provision in books of accounts	**81,70,410**	**51,71,806**

(g) Composition of plan assets

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Policy of insurance	100%	100%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(h) Principal actuarial assumptions

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.55%	7.60%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages
Rate of return on plan assets	6.55% p.a.	7.60% p.a.

(i) Expected cash flows based on past service liability

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Rupees	%	Rupees	%
Year 1 Cash Flow	15,48,099	3.90%	13,17,691	4.20%
Year 2 Cash Flow	27,58,188	7.00%	8,16,048	2.60%
Year 3 Cash Flow	22,32,007	5.70%	23,73,049	7.50%
Year 4 Cash Flow	15,29,808	3.90%	18,95,489	6.00%
Year 5 Cash Flow	10,08,992	2.60%	12,89,915	4.10%
Year 6 to Year 10 Cash Flow	61,64,780	15.70%	48,72,423	15.50%

(j) Sensitivity analysis of key assumptions

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	DBO	Change in DBO %	DBO	Change in DBO %
Discount rate varied by 0.5%				
+ 0.5%	1,93,70,279	-4.07%	1,39,64,208	-3.94%
- 0.5%	2,10,78,159	4.39%	1,51,51,780	4.23%
Salary growth rate varied by 0.5%				
+ 0.5%	2,10,07,156	4.03%	1,51,18,072	4.00%
- 0.5%	1,94,21,557	-3.81%	1,39,78,207	-3.84%
Withdrawal rate (WR) varied by 10%				
WR x 110%	2,02,18,658	0.14%	1,45,00,941	0.44%
WR x 90%	2,01,61,688	-0.15%	1,44,66,813	-0.48%

(iii) Short term benefits (leave encashment)

The company has provided for accumulated compensation absences (leave encashment) as per Ind AS 19 "Employee Benefits". The provision is made on the basis of actuarial evaluation carried out. The current years provision is charged under Salaries and Wages as given below. This liability is not funded.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Salaries - leave encashment	56,89,336	31,95,791

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

30. OTHER EXPENSES

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Power and Fuel	9,99,48,952	8,70,84,016
Consumable Stores	1,28,44,692	1,43,32,753
Packing Materials	1,26,87,648	1,38,62,025
Processing Charges	2,12,15,079	1,82,07,608
Factory Expenses	2,14,98,833	1,33,51,963
Water Charges	30,17,762	30,73,037
Repairs to		
Plant & Machinery	6,95,88,674	5,04,00,778
Factory Buildings	1,73,97,752	89,20,472
Other Assets	13,11,948	10,26,782
Insurance	1,01,27,122	52,39,755
Laboratory Expenses	1,56,40,030	1,19,74,639
Payment to Auditors (See note below)	14,21,157	14,46,922
Postage & Telephone Expenses	24,53,391	22,46,483
Legal and Professional Fees	2,00,16,399	1,68,53,024
Bank Charges and Commission	37,05,065	26,11,970
Rent, Rates and Taxes	1,17,18,308	1,48,76,626
Printing & Stationery	33,11,085	37,13,404
Vehicle Expenses	17,91,487	19,35,386
Advertisement & Business Promotion	92,85,210	32,93,183
Commission on Sales	77,61,933	86,08,435
Travelling Expenses	1,20,86,665	89,00,408
Freight, Coolie & Cartage	2,75,36,581	3,19,20,087
Loss of Capital Goods by Fire	-	3,50,48,223
Loss on Investments - Mark to Market	2,24,35,215	-
Miscellaneous Expenses	3,01,13,595	1,44,56,137
Total	**43,89,14,583**	**37,33,84,116**

(a) Details about payment to auditors

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Payment to statutory auditors (net of GST input)		
As auditors - statutory audit & tax audit	9,55,000	8,10,000
As auditors - other services	90,000	2,15,000
sub total (i)	**10,45,000**	**10,25,000**
(ii) Payment to internal auditors and cost auditors (net of GST input)		
Internal Audit Fees	3,76,157	3,71,922
Cost Audit Fees	-	50,000
sub total (ii)	**3,76,157**	**4,21,922**
Total (i + ii)	**14,21,157**	**14,46,922**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

31. FINANCE COSTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense on:		
-Long term borrowings	1,50,08,940	1,35,83,622
-Short term borrowings	75,43,112	92,87,169
Total	**2,25,52,052**	**2,28,70,791**

32. CONTINGENT LIABILITY

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Disputed direct tax		
Total demand from the Income Tax Department		
NGL Fine-Chem Limited		9,48,364
Macrotech Polychem Private Limited	11,92,740	
Provident Fund claim disputed		
Demand raised on the Company by the provident fund department for amount payable by contractor .	17,75,767	-

33. COMMITMENTS

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	1,58,41,420	2,24,35,578
(ii) Other commitments (specify nature)		
Guarantees issued by banks on behalf of the Company	6,00,000	11,40,101
Letters of credit established for which goods are yet to be received and provided for	54,79,972	83,00,400

34. RELATED PARTIES DISCLOSURES:

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

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

(i) Associates Companies/Firms in which Directors or their relatives are interested

Nupur Remedies Private Limited

(ii) Key management personnel and their relatives with whom the Company has transacted

Name	Designation	Relatives
Rahul Nachane	Managing Director	Ajita Nachane
Rajesh Lawande	Whole-Time Director & CFO	Ajita Nachane
Ajita Nachane	Non Independent Director	Rahul Nachane
Milind Shinde	Independent Director	--
Jayaram Sitaram	Independent Director	--

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(b) Nature of transaction

(All amounts are in ₹ unless stated otherwise)

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
		Amount (₹)	**Amount (₹)**
(i)	**Expenses**		
	Rent		
	Nupur Remedies Private Limited	40,59,000	40,50,000
	Rahul Nachane	31,49,235	29,29,514
	Rajesh Lawande	31,49,235	29,29,514
	Managerial Remuneration		
	Rahul Nachane	85,65,600	85,65,600
	Rajesh Lawande	84,21,600	84,21,600
	Commission on profits		
	Rahul Nachane	37,76,200	71,18,135
	Rajesh Lawande	37,76,200	71,18,135
	Legal & Professional Fee		
	Nupur Remedies Private Limited	66,00,000	66,00,000
	Director's Sitting Fee		
	Ajita Nachane	2,25,000	1,44,500
	Milind Shinde	2,45,000	1,44,500
	Jayaram Sitaram	2,40,000	1,44,500
	Leave Encashment		
	Rajesh Lawande	-	19,95,000
(ii)	**Deposits**		
	Nupur Remedies Private Limited	3,50,000	3,50,000
	Rahul Nachane - Office Deposit	20,00,000	20,00,000
	Rajesh Lawande - Office Deposit	20,00,000	20,00,000
(iii)	**Outstanding balances**	Payables	Payables
	Nupur Remedies Private Limited (Trade Payable)	9,86,040	-

Note: In the case of present key managerial personnel, remuneration does not include gratuity benefits which are determined for the Company as a whole.

35. FAIR VALUES

Fair value measurement includes both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The carrying values of the long-term financial instruments approximates the fair values as the management has considered the fair value measurement techniques using the observable data i.e. the discounting rate which was similar as to rates, tenure and the credit rating of the other instruments of the Company. The management has also considered the effect of time value of money with respect to other long term financial instruments at applicables rates.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust risk management policy to identify, evaluate business risks and opportunities. This policy seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage.

Carrying amount of financial assets and liabilities:

The following table summaries the carrying amount of financial assets and liabilities recorded at the end of the year by categories:

(All amounts are in ₹ unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Financial assets		
Investments	10,65,06,070	8,68,99,194
Cash and cash equivalents	39,88,582	78,89,268
Bank balances other than above	2,75,92,690	2,34,94,635
Trade receivables	26,19,26,643	33,12,39,179
Other financial assets	2,94,33,630	3,47,84,913
At end of the year	42,94,47,615	48,43,07,189
Financial liabilities		
Borrowings	14,60,07,799	15,30,98,715
Trade payables	20,83,03,729	16,11,52,836
Other current financial liabilities	6,34,20,865	5,60,70,311
At end of the year	**41,77,32,393**	**37,03,21,862**

37. CREDIT RISK

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Investments

The Company limits its exposure to credit risk by investing in liquid securitites which primarily include mutual fund units. The Company mitigates risk from non-performance of these securities by ensuring that it does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Trade receivables

Trade receivables are typically unsecure and derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain, however this is modified if in the past experience of the Company, there is likely mitigation of the credit risk.

Ageing of trade receivable

(All amounts are in ₹ unless stated otherwise)

Particulars	Days			Total
	0-180	180-365	Above 365	
As on 31st March, 2020	26,08,99,927	12,18,157	10,45,458	26,31,63,542
As on 31st March, 2019	33,03,77,873	4,44,146	5,87,500	33,14,09,519

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

38. MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

39. FOREIGN CURRENCY RISK

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. The Company's foreign currency exposure arises mainly from foreign exchange imports and exports, primarily with respect to USD.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Currency	INR	Currency	INR
Payables				
Advances from customers	USD 3,15,815	2,38,72,426	USD 58,585	41,30,454
Trade Payables	USD 1,32,498	1,00,16,849	USD 97,166	67,21,099
Trade Payables	JPY 52,56,000	36,61,461	JPY 0	-
Receivables				
Trade Receivables	USD 21,13,425	15,97,53,758	USD 33,37,512	23,10,05,496

Following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of USD against INR.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Currency	INR	Currency	INR
Net foreign currency assets USD	USD 16,65,112	12,58,64,483	USD 31,81,761	22,01,53,943
Impact on profit or loss: Income/(Expense)				
USD - Increase by 5%		62,93,224		1,10,07,697
USD - Decrease by 5%		-62,93,224		-1,10,07,697
Net foreign currency liabilities JPY	JPY 52,56,000	36,61,461	JPY 0	-
Impact on profit or loss: Income/(Expense)				
JPY - Increase by 5%		-1,83,073		-
JPY - Decrease by 5%		1,83,073		-
Net Impact - increase by 5%		61,10,151		1,10,07,697
Net Impact - decrease by 5%		-61,10,151		-1,10,07,697

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

40. INTEREST RATE RISK

Company's interest rate risk arises from borrowings. The long term borrowings are at fixed interest rate while the short term borrowing are at floating interest rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed rate instruments		
Financial Assets	2,75,92,690	2,34,94,635
Financial liabilities	13,63,05,186	11,85,21,830
Variable rate instruments		
Financial Assets	10,65,06,070	8,68,99,194
Financial liabilities	14,60,07,799	15,30,98,715

Interest rate sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's debt obligations with floating interest rates.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Long term variable interest rate borrowings	-	-
Short term variable interest rate borrowings	14,60,07,799	15,30,98,715
	14,60,07,799	**15,30,98,715**

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant:

(All amounts are in ₹ unless stated otherwise)

Year ended	Increase/ (decrease) in basis points	Effect on profit before tax increase/ (decrease)
31st March, 2020	100	(14,60,078)
	(100)	14,60,078
31st March, 2019	100	(15,30,987)
	(100)	15,30,987

41. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group manages the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group invests its surplus funds in bank fixed deposits and liquid schemes of mutual funds which carry limited mark to market risks. The Company also invests in equity schemes of mutual funds which carry liquidity and rate return risks.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(All amounts are in ₹ unless stated otherwise)

Particulars	On demand	Upto 1 year	1 to 5 years	More than 5 years	Total
	₹	₹	₹	₹	₹
Year ended 31st March, 2020					
Trade payables	-	20,83,03,729	-	-	20,83,03,729
Other financial liabilities	-	6,34,20,865	-	-	6,34,20,865
	-	**27,17,24,594**	**-**	**-**	**27,17,24,594**
Year ended 31st March, 2019					
Trade payables	-	16,11,52,836	-	-	16,11,52,836
Other financial liabilities	-	5,60,70,311	-	-	5,60,70,311
	-	**21,72,23,147**	**-**	**-**	**21,72,23,147**

At present, the Company expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

42. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the value of shareholder.

The Company monitors capital using Capital Gearing Ratio, which is net debt divided by total capital plus net debt. Net debt includes loans and borrowings, trade and other payables, less cash and cash equivalents.

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans and borrowings	22,92,55,524	23,31,66,238
Trade payables	20,83,03,729	16,11,52,836
Other payables	7,60,77,963	6,74,27,084
Less: Cash and cash equivalents	(3,15,81,272)	(3,13,83,903)
Net debt (A)	**48,20,55,944**	**43,03,62,255**
Equity	98,96,07,925	92,12,30,408
Capital and net debt (B)	**98,96,07,925**	**92,12,30,408**
Capital gearing ratio (A/B)	**0.49**	**0.47**

To achieve the overall objective, the Company's capital management aims to ensure that it meets the financial covenants attached to loans and borrowings. Breaches in meeting the covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowings in the current year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

43. INCOME TAX

The major components of income tax expense for the years are:

Income statement

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current income tax:		
Current income tax charge	(4,84,00,000)	(7,80,00,000)
Adjustments in respect of current income tax of previous year	(10,41,237)	(21,87,885)
Deferred tax:		
Relating to origination and reversal of temporary differences	1,20,71,284	57,90,725
Relating to origination and reversal of temporary differences through OCI	7,34,379	1,87,427
Income tax expense reported in the income statement	**(3,66,35,574)**	**(7,42,09,733)**

The income tax expense for the year can be reconciled to the accounting profits as follows:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit before tax	12,07,22,777	27,56,65,377
Income tax expense calculated at 25.17% (Previous Year 29.12%)	(3,03,85,923)	(8,02,73,758)
Effect of income tax that is exempt from taxation	(2,73,483)	85,665
Effect of expenses that are not deductible in determining taxable profits	(59,76,168)	59,78,360
Total tax expense	**(3,66,35,574)**	**(7,42,09,733)**

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% payable by corporate entities in India on taxable profits under tax law in the Indian jurisdiction.

44. ADDITIONAL INFORMATION

(a) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding at the end of the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding at the end of the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computation:

(All amounts are in ₹ unless stated otherwise)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit for the year from continuing operations	8,33,52,824	20,12,68,217
Weighted average number of equity shares for basic EPS*	61,78,024	61,78,024
Weighted average number of equity shares adjusted for the effect of dilution*	61,78,024	61,78,024
Face value per share	5	5
Basic earning per share	13.49	32.58
Diluted earning per share	13.49	32.58

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

* There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of the financial statements.

(All amounts are in ₹ unless stated otherwise)

	Particulars		As at 31st March, 2020		As at 31st March, 2019
(b)	**Value of imports calculated on CIF basis:**				
	Raw materials		13,85,85,889		10,48,75,783
	Capital goods		76,93,394		51,06,208
	Total		**14,62,79,283**		**10,99,81,991**
(c)	**Expenditure in foreign currency:**				
	Professional and consultation fees		-		-
	Other matters		2,33,69,760		1,49,71,293
	Total		**2,33,69,760**		**1,49,71,293**
(d)	**Details of consumption of imported and indigenous items**				
	(i) Raw materials Consumed				
	Indigenous	79.9%	55,70,91,578	81.8%	52,28,57,802
	Imported	20.1%	14,04,28,138	18.2%	11,61,74,092
	Total	100.0%	69,75,19,716	100.0%	63,90,31,894
	(ii) Stores and spares Consumed				
	Indigenous	100.0%	1,28,44,692	100.0%	1,43,32,753
	Imported	0.0%	-	0.0%	-
	Total	**100.0%**	**1,28,44,692**	**100.0%**	**1,43,32,753**
(e)	**Earnings in foreign exchange :**				
	Export of goods calculated on FOB basis		1,09,40,65,983		1,17,81,18,514
	Other (Insurance & Freight)		1,23,33,725		1,58,90,218
(f)	**Operating Lease**				
	The company's significant leasing arrangements are in respect of office and laboratory in Mumbai and warehouses at Tarapur and Navi Mumbai. The leasing arrangements are usually renewed by consent on an agreeable basis. The aggregate lease rentals payable is charged as "Rent" under Other Expenses.				
	Future minimum rentals (excluding taxes) payable under operating leases are as follows:				
	Within one year		85,89,645		1,11,15,728
	Later than one year but not later than five years		1,34,21,612		1,44,21,445
	Later than five years		-		-
	Rental expense relating to operating lease:				
	Minimum lease payments		1,14,10,872		1,24,30,656
	Total rental expense relating to operating lease		**1,14,10,872**		**1,24,30,656**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

45. SEGMENTAL INFORMATION

a. Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

b. Geographic information

The geographic information analyses the Group's revenues by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

(All amounts are in ₹ unless stated otherwise)

Geographical Distribution of Revenue	2019-20	2018-19
India	38,31,45,698	31,37,44,495
Europe	49,69,02,049	67,49,46,022
Asia Pacific	43,05,01,688	36,02,00,367
Rest of the world	17,89,95,971	15,88,62,343
Total	**1,48,95,45,406**	**1,50,77,53,226**

46. REMEASUREMENT OF SECURITY DEPOSIT

Under IGAAP, interest-free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has recorded these security deposits at fair value under Ind AS. Differences between the fair value and the transaction value of the security deposits have been recognised as prepaid rent. Consequent to this change , the amount of security deposits decreased by ₹ 1,77,335 at 31st March, 2020 and decreased by ₹ 3,93,526 as at 31st March, 2019. The prepaid rent increased by ₹ 96,300 as at 31st March, 2020, Prepaid rent as on 31st March, 2019 amounted to ₹ 3,59,020 . Due to the discounting of security deposits and unwinding of interest income, the profit for the year as at 31st March, 2020 increased by ₹ 1,98,170.

47. CLASSIFICATION AND PRESENTATION OF ASSETS AND LIABILITIES

Under IGAAP, the Company was not required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Under Ind AS, the Company is required to present its assets and liabilities bifurcated between financial assets/ financial liabilities and non-financial assets/ non-financial liabilities. Accordingly, the Company has classified and presented the assets and liabilities.

In the opinion of the management, the current assets, loans & advances have been stated at realizable value. Provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.

48. SUBSIDIARY

Macrotech Polychem Private Limited was acquired as a wholly owned subsidiary of NGL Fine-Chem Limited on 15th May 2019. Goodwill arose on acquisition due to the consideration being higher than the value of tangible assets. The basis of valuing goodwill as on the date of acquisition is given here under :

(All amounts are in ₹ unless stated otherwise)

Purchase Consideration			3,72,50,577
Less			
Fair Value of Tangible assets		5,12,56,065	
Less:Net worth of Acquiree company			
Equity Share capital	30,01,900		
Accumulated Losses	(1,85,34,653)	(1,55,32,753)	
Net Fair Value			3,57,23,312
Goodwill			**15,27,265**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

49. SUBSEQUENT EVENTS

i) The Board of Directors have recommended a dividend of ₹ 1.75 per fully paid up equity share of ₹ 5 each aggregating to ₹ 108.12 Lakhs for the Financial Year 2019-2020, which is based on relevant share capital as on 31-03-2020.

ii) The Company evaluated all events and transactions that occurred after 31st March, 2020 through 29th June, 2020; the date on which the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements other than that mentioned above.

iii) The manufacturing facilities were closed from 22nd March, 2020 till 31st March, 2020 due to the Covid-19 lockdown. These manufacturing facilities have subsequently been started being exempted from lockdown by both the state and central governments being facilities for manufacture of pharmaceuticals. Challenges in terms of shortage of manpower, availability of raw materials and disruption in logistics and supply chain however continue. The group has considered the possible effects that may result due to the lockdown on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on internal and external sources of information and economic forecasts, the Group expects the carrying amount of these assets will be recovered and will continue to have sufficient liquidity to fund its business operations as well as expansion plans. However a definite assessment of the impact, at this stage, is not possible in view of the highly uncertain economic environment and the situation is still evolving.

50. The previous years figures have been recast, regrouped and rearranged wherever necessary.

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

As per our report of even date attached

For **Manek & Associates**
Chartered Accountants
Firm Registration Number: 126679W

Sd/-
Shailesh Manek
Proprietor
Membership Number: 034925

Place: Mumbai
Date: 29th June, 2020

For and on behalf of the Board of Directors

Sd/-
Rahul Nachane
Managing Director
DIN: 00223346

Sd/-
Rajesh Lawande
Whole-Time Director & CFO
DIN: 00327301

Sd/-
Pallavi Pednekar
Company Secretary
ACS : A33498

Place: Mumbai
Date: 29th June, 2020

NOTES

NGL
FINE-CHEM
LIMITED

www.nglfinechem.com