



ntc industries limited

(An ISO 9001-2008 Company)

ANNUAL REPORT 2016-17

FORWARD LOOKING STATEMENT

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nilotpal Deb

Managing Director

Mr. Gaurav Somani

Non Executive & Independent Director

Mr. Amar Chand Baid

Non Executive & Independent Director

Ms. Vembi Krishnamurthy Radha

Non Executive Director

CHIEF FINANCIAL OFFICER

Mr. Prem Chand Khator

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sunil Kumar Varma

AUDITORS

Statutory Auditors:

M/s S. M. Daga & Co.

Chartered Accountants

11 Clive Row, 2nd Floor,

Kolkata -700 001

(Firm Registration No.: 303119E)

Internal Auditors:

M/s Garg Narendra & Co.

Martin Burn House,

1, R.N. Mukherjee Road,

3rd Floor, R.No. 305A,

Kolkata-700 001,

(Firm Registration No.: 323694E)

BANKERS

Axis Bank

Oriental Bank of Commerce

Corporation Bank

Kotak Mahindra Bank

State Bank of India

REGISTRAR & SHARE TRANSFER AGENT

M/s Niche Technologies

Private Limited

SOLICITORS

Mr. Dipayan Choudhury

Advocates

REGISTERED OFFICE

**149 B. T. ROAD, Kamarhati,
Kolkata - 700 058.**

Phone : +91-33-3019 0511 / 12 / 13

E-mail : investors@ntcind.com

website : www.ntcind.com

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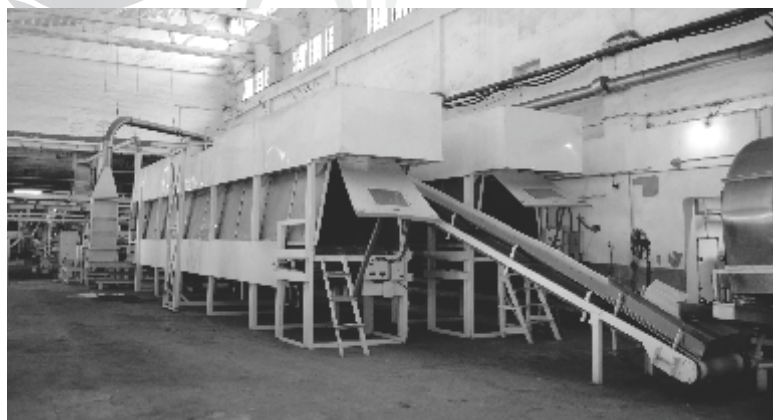
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**FINANCIAL
SECTION**



Manufacturer and
supplier of
cigarettes in India
and overseas.



ABOUT US

ntc industries Ltd. is one of the oldest manufacturer of cigarettes in India. On September 1931 the company was incorporated as National Tobacco Company of India Ltd. In 1994 RDB Industries Ltd. purchased the asset and goodwill of the company and latter become to be known as **ntc industries Limited**.

ntc is one of the few companies in India having license to manufacture cigarettes.

The company has a solid foundation with visionary Leadership from the Board of Members who are supported by experienced and dedicated professionals, the best talents in their respective fields, who have helped to achieve optimum efficiency in cigarettes manufacturing, marketing & export.

ntc is prominent among cigarettes manufacturer in India with a wide range of brands. **ntc** has a presence in all segment of market. **ntc's** popular portfolio of brands include Regent, Cool, No.10, Maypole, Jaipur, General. **ntc** is the market leader of 'roll-your-own-tobacco' (Prince Henry) in India. The company pioneered the introduction of 84 mm King Size filter cigarettes, mentholated cigarettes in India.

ntc has a modern PMD for tobacco processing of any blend type-Virginia or American. We can make and develop finest blends to suit customer choice.

ntc's SMD for making & packing is well equipped with full range of modern machineries to produce quality cigarettes as well as excellent finished packets in conformation to International Standards.



ntc exports cigarettes to South America, African Countries and Middle East Countries.

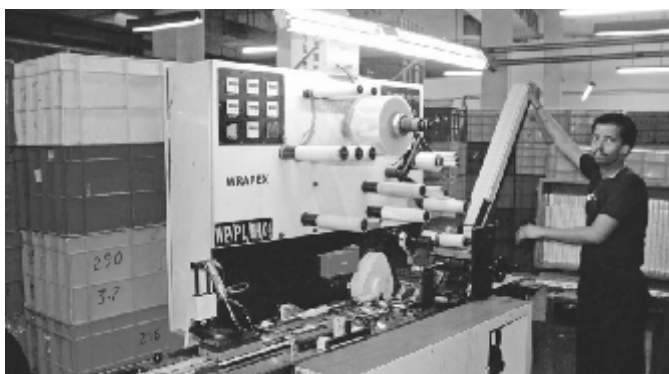
ntc also undertakes contract for manufacture and deliver products blended and packaged to very exact specification of the customers.

ntc has won recognition for excellence in quality at various forums including the World Tobacco Products Contest in Brussels, Rotterdam, Amsterdam, Paris and Luxemburg.

ntc, in the past, produced brands like Rothmans King Size, Oxford King, under license from Rothmans of Pall Mall.

ntc had an agreement in past with Samporna Asia pte. of Indonesia to import and distribute Exclusive' brand of clove cigarettes in India.

The company is working with single minded focus on continuous value creation for customer, through R&D in creating quality blends, maintaining consistent quality with state of the art manufacturing technology. **ntc** has consistently maintained quality parameters with the Product Quality Rating System.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasures in presenting the 26th Annual Report together with the Audited Statements of Accounts for the financial year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

The financial results of the Company during the year are given below:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Financial Year 2016-2017	Financial Year 2015-2016	Financial Year 2016-2017	Financial Year 2015-2016
1.a) Income from operations	1342.41	888.53	2302.12	1831.89
b) Other income	367.43	320.52	377.70	327.31
2. Expenses	1617.07	1177.65	1734.06	1476.98
Profit/(Loss) before interest and depreciation	92.77	31.40	945.76	863.18
Less: a) Finance Cost	33.11	38.15	196.24	427.84
b) Depreciation	50.15	50.03	293.18	180.96
Profit/ (Loss) before Exceptional Items	9.51	(56.78)	456.34	254.38
Add: Exceptional Items	-	-	-	-
Profit/ (Loss) before taxation	9.51	(56.78)	456.34	254.38
Less: - Provisions for current tax, deferred tax and tax adjustments for earlier years	38.33	(7.04)	126.07	81.96
Profit/ (Loss) After Tax	(28.79)	(49.74)	330.27	172.42
Add: Balance brought forward from last year	1642.38	1692.12	1974.37	1801.95
Less: Amount transferred to Reserves	--	--	--	--
Balance carried to the Balance Sheet	1613.59	1642.38	2304.64	1974.37

DIVIDEND

Due to loss incurred during the financial year 2016-17, your directors regret their inability to recommend any dividend.

RESERVES

The Company has not proposed any transfer to its Reserves.

REVIEW OF OPERATIONS

During the year under review, your company has PBT of ₹ 9.51 Lacs as compared to loss of ₹ 56.78 Lacs in the previous year. Your Company's total turnover from cigarettes business has increased to ₹ 2060.07 Lacs as compared to ₹ 1781.76 Lacs in the previous year. Export sales also increased to ₹ 852.66 Lacs from ₹ 517.57 Lacs in the previous year. However domestic sales got marginally affected and decreased to ₹ 1207.40 Lacs from ₹ 1267.19 Lacs in the previous year. The Consolidated PBT also increased to ₹ 456.34 from ₹ 254.38 Lacs in the previous year.

Change in nature of business, if any

During the year, there was no change in the nature of business of the Company.

Changes in Share Capital

The paid-up Equity Share Capital of the Company as at 31st March, 2017 stood at ₹1075 Lacs. During the year under review there has been no change in the share capital of the Company.

Subsidiaries, Joint Ventures and Associate Companies

As on 31st March, 2017, your company has 4 wholly owned subsidiaries. During the financial year under review none of the companies have become or ceased to be Subsidiaries, Joint Venture or Associate Company.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statement of the Company and all of its subsidiaries which is forming part of the Annual Report.

The Annual accounts of the subsidiary will be kept at the Registered Office of the Company and also at the Registered Office of the subsidiary companies and will be available to the investors seeking information at any time during the working hours of the Company except Saturday. Further as per section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries are available at our website at www.ntcind.com. The Company does not have any Joint Venture or Associate company.

Pursuant to proviso to Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the consolidated financial statements of the Company.

The Company has also formulated a Policy for determining material subsidiaries as approved which can also be accessed on the Company's website at the link:

<http://www.ntcind.com/pdf/STLD/ntc%20Policy%20on%20Material%20Subsidiary.pdf>

DIRECTORS:

A. Details of Directors and Key Managerial Personnel

Appointment Of Independent Directors:

At the Annual General Meeting of the Company held on 5th September, 2014, the Members of the Company appointed Mr. Gaurav Somani (DIN: 06368949), Mr. Ravi Prakash Pincha (DIN : 00094695) and Mr. Dilip Chakraborty (DIN : 01839950) as Independent Directors under the Act for a term of up to 31st March, 2019. However, Mr. Dilip Chakraborty and Mr. Ravi Prakash Pincha disassociated themselves from the Board w.e.f 14.11.2016 and 30.03.2017 respectively. Mr. Amar Chand Baid (DIN: 07741980) has been inducted as the new Independent Director whose appointment is subject to the approval by the Shareholders in the ensuing AGM.

Statement On Declaration Given By Independent Directors Under Sub- Section (6) Of Section 149:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ("Listing Regulations").

Key Managerial Personnel:

The Board of Directors have re-appointed Mr. Nilotpal Deb (DIN: 06807932) as the Managing Director of the Company w.e.f 30.03.2017 for a period of 1(One) year subject to the approval of members in the ensuing Annual General Meeting of the Company.

Retirement by Rotation:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mr. Nilotpal Deb, Managing Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

A brief profile of the above Directors seeking re-appointment is given in the Notice of AGM.

B. Nomination & Remuneration Policy

The Board of Directors have framed a policy which lays down a framework in relation to appointment, remuneration and other matters provided in Section 178(3) of the Act for Directors, Key Managerial Personnel and senior Management Personnel of the Company. The same has been enclosed as an annexure "A".

C. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under Listing Regulations. The performance of the Board was evaluated after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the performance of the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors held on 30.03.2017, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

The Directors expressed their satisfaction over the evaluation process and results thereof.

D. Familiarisation Programme:

The Company has devised a programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters and the same has been put up on the website of the Company at the link:<http://www.ntcind.com/pdf/STLD/ntc%20Familiarisation%20programme.pdf>

COMMITTEES:

Audit Committee

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. Details relating to number of Audit Committee Meetings held, dates of Meeting indicating the number of meetings attended by each Member are also given in the Corporate Governance Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. Details relating to number of Nomination and Remuneration Committee Meetings held, dates of Meeting indicating the number of meetings attended by each Member are also given in the Corporate Governance Report.

Share Transfer cum Stakeholders Relationship Committee

The composition and terms of reference of the Share transfer cum Stakeholders Relationship Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. Details relating to number of Share Transfer cum Stakeholders Relationship Committee Meetings held, dates of Meeting indicating the number of meetings attended by each Member are also given in the Corporate Governance Report.

AUDITORS AND EXPLANATION TO AUDITOR'S REMARKS

Statutory Auditors

M/s VKR & Associates, Chartered Accountants of Martin Burn House, 1, R.N. Mukherjee Road, 3rd Floor, Suit no. 312 Kolkata – 700001 (Firm Reg. No. 320323E) are proposed to be appointed as Statutory Auditors in place of M/s S. M. Daga & Co, Chartered Accountants whose term ends at the conclusion of ensuing Annual General Meeting of the Company.

Further M/s VKR & Associates, Chartered Accountants will hold office of the Statutory Auditors for a period of 5 years beginning from the conclusion of 26th Annual General Meeting until the conclusion of 31st Annual General Meeting of the Company. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act, 2013, as amended from time to time.

In this regard, M/s VKR & Associates, Chartered Accountants have submitted their written consent to the effect that their appointment as Statutory Auditors of the Company, if made, will be as per the requirements as laid down under Section 139 and 141 of the Companies Act, 2013 read with rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

The Auditors' Report to the shareholders for the year under review does not contain any qualifications or adverse remarks. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Secretarial Auditors

The Board has appointed Mr. Ram Mohan Goenka of M/s MR & Associates, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as annexure "B" to this Report.

Explanation to the Observation raised in the Secretarial Audit Report

The Secretarial Audit Report contains an observation as follows:

Observation:

- a) Suit had been filed by shareholders of the Company in Sealdah Civil & Criminal Court against Resolution passed in pursuance of Section 180(1)(a) and 180(1)(b) of the Companies Act, 2013 and the matter is subjudice.

Boards' Reply:

- a) On 05.01.2015 some minority shareholders have filed a suit against the Company in the court of Learned Fourth Civil Judge (Junior Division) at Sealdah, West Bengal. The Company has filed its objection and reply and the matter is still subjudice in the court,

EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of Annual Return in form MGT-9 as required under section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management & Administration) Rules, 2014 is annexed hereto as annexure "C".

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2016-17, 5 (Five) Board Meetings were held, details of which are given in the Corporate Governance Report. Details relating to dates of Board Meeting indicating the number of meetings attended by each Director are also given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)© and 134(5) of the Companies Act, 2013.

- (a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and the statement of profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to standalone financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered into by the Company during the financial year with Related Parties as defined under the Companies Act, 2013 and Listing Regulations were in the ordinary course of business and on an arm's length basis.

There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of material related Party transaction in Form AOC-2 is enclosed and marked as Annexure "D".

All related party transactions are placed before the Audit Committee for its approval. In accordance with Accounting Standard 18, the Related Party Transactions are disclosed under Note No2.28 of the Standalone Financial Statements.

Your Company has framed a Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board. The same can be accessible on the Company's website at the link: http://www.ntcind.com/pdf/Secretarial-Documents/ntc_Policy_on_Related_Party_Transactions.pdf

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis containing a detailed analysis of the Company's performance as per Regulation 34 of the Listing Regulations is annexed hereto.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Certificate from the Auditors of the Company, as required by Regulation 34(3) of the Listing Regulation for its due compliance is annexed hereto, forming part of this Annual Report.

A certificate of the CEO and CFO of the Company in terms of Regulation 17(8) of Listing Regulations, inter alia, confirming the correctness of the financial statement, adequacy of the internal control measures and reporting of the matters to the Audit Committee is also annexed.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, 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.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating 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, are provided in annexure “E” to this Report.

RISK MANAGEMENT POLICY

Your Company has developed and implemented a Risk Management framework which consist of Plan & Policies pursuant to requirement of the provisions of the Companies Act, 2013 read with provisions of the Listing Regulations.

In this ever changing economic environment, your company is exposed to various risks such as market risk, financial risk, liquidity risk, principally interest rate risk, credit risk and risks associated with the economy, regulations, competition among others. The aforesaid Risk Management framework helps in identifying, assessing, monitoring and mitigation of various risks to key business objectives. The Audit Committee of the company oversee and evaluate overall risk management framework which is periodically reviewed by the Board of Directors to ensure that the executive management controls the risk as per decided policy.

The risk management issues are discussed in detail in the Management Discussion and Analysis.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

VIGIL MECHANISM

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the Listing Regulations with stock exchanges and it can be accessed at http://www.ntcind.com/pdf/Secretarial-Documents/ntc_Vigilance_Mechanism.pdf. No personnel has been denied access to the Audit Committee.