



**ntc industries limited**

(An ISO 9001-2008 Company)

**ANNUAL REPORT 2017-18**

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# 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. Upmanyu Pathak**

*Managing Director*

**Mr. Gaurav Somaní**

*Non Executive & Independent Director*

**Mr. Amar Chand Baid**

*Non Executive & Independent Director*

**Mr. Sumit Banthiya**

*Non Executive & Independent Director*

**Ms. Venu Krishnamoorthy Ramesh**

*Non Executive Director*

149, B.T. Road, P.O.-Kamarhati,  
Kolkata - 700 058  
Ph: +91 7595046813  
Email id: investors@ntcind.com  
Website: www.ntcind.com

### CHIEF FINANCIAL OFFICER

**Mr. Prem Chand Khator**

### COMPANY SECRETARY & COMPLIANCE OFFICER

**Mr. Sunil Kumar Varma**

### AUDITORS

**Statutory Auditors**  
**M/s VKR & Associates**  
(Firm Registration No.: 320323E)  
Chartered Accountants  
Martin Burn House,  
1, R.N. Mukherjee Road  
3<sup>rd</sup> Floor, Suit No. 312  
Kolkata - 700 001

**Internal Auditors**  
**M/s Garg Narendra & Co.**  
(Firm Registration No.: 323694E)  
Martin Burn House,  
1, R.N. Mukherjee Road,  
3<sup>rd</sup> Floor, R.No. 305A,  
Kolkata-700 001,

### 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, P.O.-Kamarhati,  
Kolkata – 700 058  
Ph: +91 7595046813  
Email id: investors@ntcind.com  
Website: www.ntcind.com

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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 Sampoerna 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 27<sup>th</sup> Annual Report together with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March 2018.

## Financial Highlights

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

(₹ in Lacs)

| Particulars   | Standalone                  |                             | Consolidated                |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | Financial Year<br>2017-2018 | Financial Year<br>2016-2017 | Financial Year<br>2017-2018 | Financial Year<br>2016-2017 |
| 1.a) Income from operations   | 1615.48                     | 21,68.01                    | 2568.96                     | 3127.72                     |
| b) Other income   | 461.36                      | 368.69                      | 463.30                      | 378.96                      |
| 2. Expenses   | 1979.11                     | 2392.34                     | 2150.76                     | 2481.59                     |
| <b>Profit/(Loss) before interest and depreciation</b>                                 | <b>97.73</b>                | <b>144.36</b>               | <b>881.50</b>               | <b>1025.09</b>              |
| Less: a) Finance Cost   | 36.54                       | 33.11                       | 225.45                      | 331.93                      |
| b) Depreciation   | 49.57                       | 50.15                       | 188.88                      | 185.22                      |
| <b>Profit/ (Loss) before Exceptional Items</b>  | <b>11.62</b>                | <b>61.10</b>                | <b>467.17</b>               | <b>507.94</b>               |
| Add: Exceptional Items  | -                           | -                           | -                           | -                           |
| <b>Profit/ (Loss) before taxation</b>   | <b>11.62</b>                | <b>61.10</b>                | <b>467.17</b>               | <b>507.94</b>               |
| Less:- Provisions for current tax, deferred tax and tax adjustments for earlier years | (1.33)                      | 38.30                       | 99.67                       | 126.07                      |
| <b>Profit/ (Loss) After Tax</b>   | <b>12.95</b>                | <b>22.80</b>                | <b>367.50</b>               | <b>381.87</b>               |
| <b>Add:</b> Balance brought forward from last year                                    | 1665.19                     | 1642.39                     | 2356.26                     | 1974.39                     |
| <b>Less:</b> Amount transferred to Reserves   | --                          | --                          | --                          | --                          |
| <b>Balance carried to the Balance Sheet</b>   | <b>1678.14</b>              | <b>1665.19</b>              | <b>2723.76</b>              | <b>2356.26</b>              |

## Dividend

In order to conserve existing resources of the Company, your directors do not recommend any dividend for the financial year 2017-18.

## Reserves

The Company has not proposed any transfer to its Reserves.

## Review of operations

The year witnessed the implementation of GST across the country on 1<sup>st</sup> July, 2017. Goods and Service tax replaces Excise duty and other input taxes. As per Ind AS 18, the revenue for the year 31<sup>st</sup> March, 2018 is reported net of GST. During the year under review, your company has PBT of ₹ 11.62 Lacs as compared to Profit of ₹ 61.10 Lacs in the previous year. Your Company's total turnover from business has decreased to ₹1506.48 Lacs as compared to ₹ 2060.07 Lacs in the previous year. This reduction in turnover was much due to the applicability of GST w.e.f 1<sup>st</sup> of July, 2017 due to which the Company has shown turnover figures net of GST whilst the earlier figures were including of excise duty.

### **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, 2018 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 31<sup>st</sup> March, 2018, 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. 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.

Pursuant to Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as "the Listing Regulations") the Company has formulated a Policy on Material Subsidiary and the same is available on the website of the Company at the link: [http://www.ntcind.com/pdf/Secretarial-Documents/ntc\\_Policy\\_on\\_Material\\_Subsiary.pdf](http://www.ntcind.com/pdf/Secretarial-Documents/ntc_Policy_on_Material_Subsiary.pdf).

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 the annual audited accounts of each of the subsidiaries are available at our website at [www.ntcind.com](http://www.ntcind.com).

### **Directors:**

#### **A. Details of Directors and Key Managerial Personnel**

##### **Appointment of Independent Directors:**

Mr. Gaurav Somani (DIN: 06368949) was appointed as Independent Directors of the Company for a term of five consecutive years w.e.f. 1st April, 2014 to hold office till 31st March, 2019. Further Mr. Amar Chand Baid (DIN: 07741980) was appointed as the Independent Director at the 26th AGM of the Company to hold office till 31st March, 2019 and Mr. Sumit Banthiya (DIN: 06698295) has been inducted as the new Independent Director whose appointment is subject to the approval by the Shareholders in the ensuing AGM.

In terms of Section 149(10) and all other applicable provisions of the Act and the Listing Regulations, the Board of Directors of your Company, pursuant to the recommendation of the Nomination and Remuneration Committee and based on the report of performance evaluation, at their meeting held on 27th July, 2018 decided to place the proposal for re-appointment of Independent Directors for a further term of five consecutive years w.e.f. 1st April, 2019 and appointment of new Independent Director for a term of five consecutive years w.e.f. 06<sup>th</sup> of Jan, 2018 at the ensuing Annual General Meeting, whose period of office shall not be liable to determination by retirement of Directors by rotation.

The Independent Directors have given their consent to be re-appointed and have furnished necessary declarations to the Board of Directors that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

**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:**

During the year under review, Mr. Nilotpal Deb has resigned from the Board of Directors of the Company w.e.f 09.11.2017. Subsequently, the Board of Directors have appointed Mr. Upmanyu Pathak (DIN: 06563100) as the Managing Director of the Company w.e.f 09.11.2017 for a period of 3 (Three) 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, Ms. Vembi Krishnamurthy Radha (DIN: 07141131) is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re-appointment.

A brief resume of the Director being reappointed as required under Regulation 36(3) of the Listing Regulations forms a part of the Notice convening the ensuing 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 30.03.2018, 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.



## **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 Audit**

M/s. VKR & Associates, Chartered Accountants (Firm Registration No. 320323E), the Statutory Auditor of your Company have conducted the Statutory audit of the Company for the financial year 2017-18. The Independent Auditors Report for the financial year ended 31st March, 2018 forms a part of this Annual Report.

No frauds were reported by auditors under sub-section (12) of section 143 of the Act.

### **Statutory Auditors**

Your Company's Auditors, M/s VKR & Associates, Chartered Accountants (Firm registration No 320323E), were appointed as the Statutory Auditors from the conclusion of the 26<sup>th</sup> Annual General Meeting till the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company subject to ratification by members every year. The Company has received a certificate from the Auditor under section 141 of the Companies Act 2013 to the effect that they are eligible to continue as Statutory Auditors of the Company.

Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 27<sup>th</sup> AGM.

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 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 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 the following observations:



**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 2017-18, 8 (Eight) 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)(c) and 134(5) of the Companies Act, 2013.

- (a) in the preparation of the annual accounts for the year ended March 31, 2018, 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.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on related party transactions, i.e., there were no transactions exceeding ten percent of the annual turnover as per the last audited financial statements, entered into during the year. Accordingly, the disclosure required under section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to your Company

Further, 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 related party transactions are disclosed and set out in Note No. 34 to the Standalone Financial Statements forming part of this Annual Report

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 [http://www.ntcind.com/pdf/Secretarial-Documents/ntc\\_Policy\\_on\\_Related\\_Party\\_Transactions.pdf](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 "D" 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.