



**NOCIL LIMITED**

Mafatlal House, 3rd Floor, H. T. Parekh Marg, Backbay Reclamation,  
Churchgate, Mumbai - 400 020, India.

Tel.: 91 22 6657 6100, 6636 4062 Fax: 91 22 6636 4060 website : [www.nocil.com](http://www.nocil.com)

CIN No. L99999MH1961PLC012003 Email: [investorcare@nocil.com](mailto:investorcare@nocil.com)  
[investorcare@nocil.com](mailto:investorcare@nocil.com)

SEC/122B

27<sup>th</sup> July 2017

The Secretary  
The Bombay Stock Exchange Limited  
"P.J. Towers"  
Dalal Street  
Mumbai-400 001  
Scrip Code: 500730

The National Stock Exchange of  
India Ltd.  
Exchange Plaza  
Bandra Kurla Complex,  
Bandra (East)  
Mumbai-400 051  
Symbol: NOCIL

Dear Sir,

**Sub: Annual Report for the Financial Year 2016-17**

We wish to inform you that the Company's 55<sup>th</sup> Annual General Meeting was held on 27<sup>th</sup> July 2017 at 2.30 P.M. at the Rama & Sundri Watumull Auditorium, K.C. College, Vidyasagar, Principal K.M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.

At the said Meeting, amongst others, the shareholders have approved and adopted the Audited Statement of Profit and Loss, Cash Flow Statement of the Company for the Financial Year ended on 31<sup>st</sup> March 2017 and the Balance Sheet as at 31<sup>st</sup> March 2017 and the Reports of the Directors and the Auditors thereon.

Accordingly, pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we are pleased to annex herewith PDF version of the Annual Report for the Financial Year 2016-17.

We request you to take the above on your records and acknowledge receipt.

Thanking you,

Yours faithfully,  
**For NOCIL Limited**

**V. K. Gupte**  
**Company Secretary**

Encl: as above



**ARVIND MAFATLAL GROUP**  
The ethics of excellence



**NOCIL LIMITED**



**ARVIND MAFATLAL GROUP**  
The ethics of excellence

**55th**  
**Annual Report 2016 - 17**

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## REGISTRAR AND SHARE TRANSFER AGENTS:

M/s. Karvy Computershare Pvt. Ltd.,  
Unit: **NOCIL Limited**  
Karvy Selenium Tower B,  
Plot 31 -32, Gachibowli Financial District,  
Nanakramguda,  
Hyderabad – 500 032.

Tel No. 040- 67162222

Fax No. 040- 23420814

E-mail: einward.ris@karvy.com

Website : www.karvycomputershare.com

## INVESTORS' RELATION CENTRE:

24 B, Rajabhadur Mansion,  
Ground floor Ambalal Doshi Marg,  
Fort, Mumbai-400 023.  
Tel: 022 – 66235454

## FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 21 July 2017 to Thursday, 27 July 2017.
2. Those shareholders who have yet not dematted their shareholding from physical to demat mode are requested to do so at the earliest.
3. The members are requested to quote their Folio Number /Client Id in all correspondence and also to notify immediately, change of address, if any, to the Registrar and Share Transfer Agents viz. Karvy Computershare Pvt. Ltd at the address given on this page.
4. The members having multiple registered folios are requested to contact the Registrar and Share Transfer Agents of the Company for the purpose of consolidation of registered folios.
5. The members are requested to inform the Company their bank account particulars/ ECS mandates for the purpose of payment of dividend, if declared, at the ensuing Annual General Meeting.
6. The members are requested to bring their copy of the Annual Report along with them and their Attendance Slip which may be submitted at the entrance duly signed.
7. The members desirous of getting any information about accounts and operations of the Company are requested to address their queries to the Company Secretary at least 10 days in advance of the meeting so that information required can be made readily available at the meeting.
8. Keeping in view the objective of "Green Initiative", the Annual Reports are being sent through electronic mode to those members who have registered their e-mail addresses with their Depository participants / or with the Company or with the Company's Registrar and Share Transfer Agents. Members who have not yet registered their e-mail addresses for receiving Annual Report, Notices and other documents in electronic mode are requested to register their e-mail address for the purpose.
9. Annual Report for Financial Year 2016-17 is being uploaded on the website of the Company viz. www.nocil.com for reference of the Members of the Company.
10. The provisions of Section 125 of the Companies Act, 2013 read together with IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 requires the companies to also transfer the Equity shares corresponding to the Dividend which has remained unclaimed and consequently unpaid for a period of seven consecutive years or more. Members are requested to refer para on 'Transfer of Unpaid Dividend and corresponding Equity Shares to the Investor Education and Protection Fund (IEPF)' in the Directors' Report for the FY 2016-17.

### 55th Annual General Meeting

**Date : 27 July 2017**

**Day : Thursday**

**Time : 2.30 P.M.**

**Place : Rama & Sundri Watumull Auditorium,  
K.C.College, Vidyasagar,  
Principal K.M. Kundnani Chowk,  
Dinshaw Wacha Road, Churchgate,  
Mumbai - 400 020.**



## CORPORATE INFORMATION

### Board of Directors

Hrishikesh A. Mafatlal Chairman

Vishad P. Mafatlal  
(up to 19.08.2016)

Priyavrata H. Mafatlal  
(w.e.f. 08.05.2017)

Rohit Arora

P.V. Bhide

Vilas R. Gupte

C. L. Jain

D.N. Mungale  
(Ms.) D.N. Raval

N. Sankar

C.R. Gupte Managing Director

S.R. Deo Deputy Managing Director

### Company Secretary

V.K. Gupte

### Auditors

Deloitte Haskins & Sells, LLP  
Chartered Accountants

### Solicitors & Advocates

Vigil Juris  
PDS Legal

### Bankers

HDFC Bank  
State Bank of India  
AXIS Bank  
IDFC Bank

### Registered Office

Mafatlal House,  
H.T. Parekh Marg,  
Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Maharashtra.

### Plants

#### Navi Mumbai

C-37, Trans Thane Creek Industrial Area,  
Off. Thane Belapur Road,  
Navi Mumbai 400 705,  
Maharashtra.

#### Dahej

12/A/1 & 13/B/1, Dahej Indl. Estate,  
Village Ambheta, Tal. Vagra,  
Dist. Bharuch - 392130  
Gujarat.

### Contact Details

Telephone : 022-66364062 /66576100  
Fax : 022-66364060  
CIN : L99999MH1961PLC012003  
E-mail : [investorcare@nocil.com](mailto:investorcare@nocil.com)  
Website : [www.nocil.com](http://www.nocil.com)

**NOCIL LIMITED**

CIN : L99999MH1961PLC012003

Regd. Office: Mafatlal House, H.T. Parekh Marg, Backbay Reclamation,  
Churchgate, Mumbai - 400 020 Tel.No. 91-22-66364062,

Fax No : 91-22-66364060, Website: www.nocil.com

Email: investorcare@nocil.com

**NOTICE**

**NOTICE is hereby given that the FIFTY FIFTH** Annual General Meeting of the Members of NOCIL Limited will be held on Thursday, the 27 July 2017 at 2.30 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Vidyasagar, Principal K.M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Statement of Profit and Loss, Cash Flow Statement of the Company for the year ended 31 March 2017 and the Balance Sheet as at 31 March 2017 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Vilas R. Gupte (holding DIN 00011330), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 139(1) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Registration No. 104607W/W100166) be and hereby appointed as Statutory Auditors of the Company to hold office for the period of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held during the year 2022 to examine and audit the accounts of the Company for the financial years 2017-18 to 2021-22 and the Board of Directors of the Company be authorized to fix remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes.”

**FURTHER RESOLVED THAT** the appointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Registration No. 104607W/W100166) for the period of 5 (five) years made at the ensuing Annual General Meeting shall be subject to ratification at every subsequent Annual General Meetings”

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), Mr. Priyavrata H. Mafatlal (holding DIN 02433237), who was appointed as an Additional Director of the Company w.e.f. 8<sup>th</sup> May, 2017 by the Board of Directors and who holds office up to the date of this Annual General Meeting pursuant to Section 161 (1) of the Companies Act, 2013 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198, 200 read with Schedule V and all other applicable provisions of the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be imposed or prescribed by any other authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Mr. S.R. Deo (holding DIN 01122338) as Managing Director for a period of 5 (Five) years with effect from 1 August, 2017 and for payment of remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with liberty to the Board of Directors to alter and vary the terms of remuneration, in such manner as the Board may deem fit.

**FURTHER RESOLVED THAT** where in any financial year during the currency of the tenure of Mr. S.R. Deo, Managing Director, the Company has no profits or its profits are inadequate, the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, be paid as minimum remuneration, subject to such statutory approval as may be applicable.

**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable and expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable



provisions if any, payment of Remuneration of ₹ 5,00,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to M/s. Kishore Bhatia & Associates, Cost Auditors, Mumbai (Registration No. 00294), who were appointed by the Board of Directors in their meeting held on 8 May, 2017 for carrying out Cost Audit of the Company for financial year 2017-18, be and is hereby approved and ratified."

**Registered Office:**

Mafatlal House,  
H.T. Parekh Marg,  
Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.

By Order of the Board  
For **NOCIL Limited**

**V.K. Gupte**

Company Secretary

Date : 8 May, 2017

**NOTES:**

1. **A member entitled to attend and to vote is entitled to appoint a proxy to attend and to vote instead of himself and a proxy need not be a member.**

**Proxies in order to be effective, must be received by the Company, at its Registered Office not less than 48 hours before the Meeting.**

**A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 21 July 2017 to Thursday, 27 July 2017 (both days inclusive).
4. The dividend for the year ended 31 March 2017 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 27 July 2017. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories as on 27 July 2017. The dividend, if approved, at the Annual General Meeting, will be paid at par on or after 2 August 2017.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
6. The Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the

Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

7. Members are requested to note that pursuant to the provisions of Section 125 (2) of the Companies Act, 2013, the dividend remaining unclaimed /unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Members who have so far not claimed the dividends are requested to make claim with the Company immediately as no claim shall lie against the Company in respect of individual amounts once credited to the said IEPF.

Due dates for transferring unclaimed and unpaid dividends declared by the Company are as under:

Financial Year ended	Date of declaration of dividend	Due date of transfer of unclaimed & unpaid Dividend
31 March 2010	30 July 2010	5 September 2017
31 March 2011	27 July 2011	2 September 2018
31 March 2012	31 July 2012	6 September 2019
31 March 2013	29 July 2013	4 September 2020
31 March 2014	30 June 2014	6 August 2021
31 March 2015	23 July 2015	29 August 2022
31 March 2016	27 July 2016	2 September 2023

Attention of the Members is also invited towards the provisions of Section 125 of the Companies Act, 2013 read together with IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 which requires the companies to also transfer the Equity shares corresponding to the Dividend which has remained unclaimed and consequently unpaid for a period of seven consecutive years or more. Members are requested to refer para on 'Transfer of Unpaid Dividend and corresponding Equity Shares to the Investor Education and Protection Fund (IEPF)' in the Directors' Report for the FY 2016-17.

8. Details under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
9. Electronic copy of the 55<sup>th</sup> Annual Report for 2016-17 and Notice of the 55<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the 55<sup>th</sup> Annual Report and Notice of the 55<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

## 10. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides to its members, the facility to exercise their right to vote on resolutions proposed to be considered at the Fifty Fifth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Private Limited (KARVY).
- II. The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting shall be able to exercise their right to vote at the meeting through ballot paper in case they have not casted their vote by remote e-voting.
- III. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM **but shall not be entitled to cast their votes again.**
- IV. The remote e-voting period commences on 24 July 2017 (9:00 am) and ends on 26 July 2017 (5:00 pm). During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 20 July 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by KARVY for voting thereafter.
- V. Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.
- VI. A person who is not a member as on cut-off date should treat this Notice for information purpose only.
- VII. The process and manner for remote e-voting is as under:
  - A. Member/s whose email IDs are registered with the Company/DPs will receive an email from KARVY informing them of their User-ID and Password. Once the Members receives the email, he or she will need to go through the following steps to complete the e-voting process:
    - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
    - (ii) Enter the login credentials (i.e. User ID and password) which will be sent separately. However, if you are already registered with KARVY for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
  - (iii) After entering these details appropriately, click on "LOGIN".
  - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the E-Voting Event Number for NOCIL Limited.
  - (vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - (viii) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
  - (xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized



representative(s), to the Scrutiniser at e-mail ID: [Scrutinisers@mmjc.in](mailto:Scrutinisers@mmjc.in) or [evoting@karvy.com](mailto:evoting@karvy.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "NOCIL\_EVENT NO."

- B. In case a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered or have requested the physical copy]:

- a) Initial password is provided in format as below at the bottom of the Attendance Slip for the AGM :

EVENT NO.	USER ID	PASSWORD
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- b) Please follow all steps from Sr. No. (ii) to (xii) above to cast vote.

VIII. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at KARVY'S website <https://evoting.karvy.com>.

IX. If the member is already registered with KARVY e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

X. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.

XI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20 July 2017.

XII. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 20 July 2017, may obtain the User ID and password in the manner as mentioned below:

- If e-mail address or mobile number of the member is registered against Folio No. / DP ID - Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID - Client ID and PAN to generate a password.
- Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). If the member is already registered with KARVY e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
- Member may call KARVY's toll free number 1-800-3454-001.

- d) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : **MYEPWD** <space> E-Voting Event Number + Folio No. or DP ID - Client ID to **9212993399**

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL: MYEPWD <SPACE> 1402345612345678

Example for Physical: MYEPWD <SPACE> XXXX1234567890

XIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., 20 July 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XIV. Mr. Makarand M. Joshi, Partner of M/s. Makarand M. Joshi & Co., Company Secretaries (C.P. No. 3662), Mumbai or failing him Ms. Kumudini Paranjape, Partner of M/s Makarand M. Joshi & Co. (C.P. No. 6690), Mumbai has been appointed as the Scrutiniser by the Board of Directors of the Company to scrutinize the e-voting process in a fair and transparent manner.

XV. Voting shall be allowed at the end of discussion on the resolutions on which voting is to be held with the assistance of Scrutiniser, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XVI. The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

XVII. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company [www.nocil.com](http://www.nocil.com) and on the website of KARVY immediately after the declaration of result by the Chairman or by a person duly authorised. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, where the equity shares of the Company are listed.

XVIII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e. 27 July 2017.

## Annexure to the Notice

### Explanatory Statement as required under Section 102 of the Companies Act, 2013:

#### Item No. 4

Pursuant to Section 139 (1) of the Companies Act, 2013, M/s. Deloitte Haskins & Sells LLP., Chartered Accountants, Mumbai (Registration No. 117366W/W-100018) who were appointed as Statutory Auditors of the Company on 27 August 2007 have completed their tenure as Statutory Auditors. Pursuant to Section 139 (2) (b) an Audit firm which has completed its tenure shall not be eligible for re-appointment as auditors in the same company for five years from the completion of such tenure.

The Board of Directors in their meeting held on 8 May 2017, subject to approval of Members appointed M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Registration No. 104607W/W100166) as Statutory Auditors of the Company to hold the office of Statutory Auditors from the conclusion of this Annual General Meeting till the conclusion of its sixth Annual General Meeting i.e. till conclusion of Annual General Meeting to be held during the year 2022 for conducting Statutory Audit for the Financial Years 2017-18 to 2021-22. Further, pursuant to Section 139(1) of the Companies Act, 2013, the Members of the Company are required to ratify their re-appointment as Statutory Auditors of the Company, at every subsequent Annual General Meeting.

The Board recommends the resolution for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and /or their relatives is deemed to be concerned or interested in the resolution.

#### Item No. 5

In view of amicable restructuring and family settlement and succession between Mr. Hrishikesh A. Mafatlal and Mr. Vishad P. Mafatlal, the Board of Directors at its meeting held on 8<sup>th</sup> May, 2017, had appointed Mr. Priyavrata H. Mafatlal as an Additional Director (Promoter Group) pursuant to Section 161 of the Companies Act, 2013. As per the provisions of said section Mr. Mafatlal holds office as Additional Director up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Director liable to retire by rotation.

The Company has received Notice under Section 160 of the Companies Act, 2013 from a member proposing Mr. Mafatlal as a candidate for office of Director of the Company.

Mr. Priyavrata H. Mafatlal, aged 30 years, has done his Master of Commerce from Mumbai University in 2010 after completing Bachelor in Management Studies (with specialization in Marketing) in 2008 and has attended 3 Tier Management Program at IIM, Ahmedabad.

Mr. Priyavrata has worked as Management Trainee in NOCIL, Navin Fluorine International Limited and Mafatlal Industries Limited during 2008 - 2010 and had gained varied experience and exposure in working with different businesses and divisions.

The Board recommends the resolution for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution except Mr. Priyavrata H. Mafatlal, an appointee and Mr. Hrishikesh A. Mafatlal being related to Mr. Priyavrata H. Mafatlal (Mr. Priyavrata is son of Mr. Hrishikesh A. Mafatlal).

#### Item No. 6

Mr. S.R. Deo, is associated with Arvind Mafatlal Group (AMG) since last 37 years. Mr. Deo joined AMG after completing his M. Tech in Chemical Engineering from IIT Kanpur. Prior to his appointment as Managing Director, he was Deputy Managing Director of the Company. Mr. Deo has contributed to improve the plant efficiencies, product quality, Health, Safety and Environment (HSE) standards in the company, Human Resources strategy to meet the future business challenges. Mr. Deo has created a strong technical team of Research and Technology for indigenous development of technologies and its implementation.

Mr. Deo was instrumental for setting up greenfield project with in house developed technology at Dahej, in the state of Gujarat which has successfully contributed significantly in terms of volume and value for the Company.

The Board of Directors, on recommendation of Nomination and Remuneration Committee and considering the contribution made by Mr. S.R. Deo, thought it fit in the interest of the Company to appoint Mr. S.R. Deo as Managing Director for a period of 5 ( five ) years w. e. f. 1 August 2017.

The appointment and payment of remuneration and perquisites of Mr. S.R. Deo as Managing Director are subject to the approval of members of the Company and other statutory approvals as may be required.

The terms of remuneration and perquisites payable to Mr. S.R. Deo are as follows:

- A) i) Salary : ₹6,00,000/- (Rupees Six Lakhs only) per month.
- ii) Perquisites and Allowances, the aggregate monetary value of which shall not exceed ₹1,13,000/- (Rupees One lakh thirteen thousand only) per month or as may be decided by the Board from time to time.

These perquisites and other allowances will be in addition to items mentioned in Clause (C) below.

The salary and perquisites as mentioned under (i) and (ii) above will be exclusive of:



- ♦ Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income Tax Act, 1961.
  - ♦ Gratuity at the rate of one month's salary for every completed year or service or part thereof in excess of six months on the basis of the last drawn salary.
  - ♦ Encashment of leave as per Company's Rules at the end of the tenure of service from the Company.
  - ♦ Long Service benefit at the rate of one and half month's salary for every completed year of service or part thereof in excess of six months on the basis of last drawn salary.
- B)** Performance Bonus / Commission as may be fixed by the Board from time to time on the basis of the performance of Mr. S.R. Deo and of the Company subject to and within the limits of the Companies Act, 2013 or any amendments thereto.
- C)** Apart from the above mentioned remuneration, he shall be entitled to:
- i) Furnished Residential Accommodation or House Rent Allowance of ₹ 2,50,000/- ( Rupees Two lakhs fifty thousand only) per month
  - ii) Leave as per the rules of the Company.
  - iii) Reimbursement of Domiciliary Medical Expenses actually and properly incurred by him and his family and Mediclaim Policy for hospitalization.
  - iv) Expenses actually and properly incurred by him in the course of legitimate business of the company.
  - v) Club Membership Fees subject to a maximum of two Clubs.
  - vi) Personal Accident Insurance Policy.

- vii) Provision for use of motor car with driver for both official and personal use and reimbursement of telephone, gas and electricity expenses incurred at his residence.

- viii) Life Insurance as per the rules of the Company.

The copy of draft Letter of Appointment is kept open for inspection by any member of the Company under Section 190 (2) of the Companies Act, 2013.

Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Companies Act, 2013 and Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 are given in Annexure A to this Explanatory Statement.

Except Mr. S.R. Deo, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Your Directors recommend this resolution for approval of the Members.

#### **Item No. 7**

Pursuant to Section 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company are required to ratify the payment of remuneration of ₹5,00,000/- per annum and reimbursement of out of pocket expenses and taxes as may be applicable to the Cost Auditors as considered and approved by the Board of Directors for the Financial Year 2017-18, if and as may be applicable and directives issued by the Central Government.

The Board recommends the resolution for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and /or their relatives is deemed to be concerned or interested in the resolution.

## Annexure A to the Explanatory Statement

Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013 giving details in respect of appointment of Mr. S.R. Deo as Managing Director.

### I. General Information:

#### a) Nature of Industry:

The Company is engaged in the business of manufacture and sale of Rubber Chemicals. It has manufacturing facilities at TTC Industrial Area in Thane, Maharashtra and Dahej, Gujarat and Regional Sales Offices at Mumbai, Delhi, Chennai and Kolkatta.

#### b) Date of commencement of Commercial Production:

The Company started its commercial production in the year 1976.

#### c) Financial Performance:

(₹ in lakhs)

	Current Year 2016-17	Previous Year 2015-16
Gross Turnover	81828	78861
Profit Before Tax	17047	11813
Profit after Tax	12009	7774

#### d) Export Performance:

(₹ in lakhs)

	Current Year 2016-17	Previous Year 2015-16
FOB Value of Exports	21751	19883
Net Foreign Exchange Earnings	10641	8315

#### e) Foreign Investments or Collaborators:

The Company does not have any foreign investment or collaborators.

### II. Information about the appointee:

#### a) Background details:

Mr. Deo is M. Tech in Chemical Engineering from IIT Kanpur.

Prior to his appointment as Managing Director, he was Deputy Managing Director of the Company and has contributed to improve the plant efficiencies, product quality, Health, Safety and Environment (HSE) standards in the company, Human Resources strategy to meet the future business challenges, creating strong technical team of Research and Technology for indigenous development of technologies and its implementation

#### b) Past remuneration:

Particulars	(₹ in lakhs)
- Salary, Allowances/ Perquisites	172.75
- Contribution to Fund	22.56
<b>Total</b>	<b>195.31</b>

#### c) Recognition or award: NIL

#### d) Job Profile and his suitability:

Mr. Deo has contributed to improve the plant efficiencies, product quality, Health, Safety and Environment (HSE) standards in the company, Human Resources strategy to meet the future business challenges, creating strong technical team of Research and Technology for indigenous development of technologies and its implementation.

Considering the contribution made by Mr. Deo in technical field of the Company, it is in the interest of the Company to appoint him as Managing Director for a period of 5 years w.e.f. 1 August, 2017

#### e) Proposed Remuneration: As mentioned in Explanatory Statement in respect of item no.6.

#### f) Comparative Remuneration:

Considering the size of the Company, the industry benchmarks, experience of and the responsibilities shouldered by of the appointee, the proposed remuneration payable to Mr. S.R. Deo is commensurate with the remuneration paid to similar appointees in other companies.

#### g) Pecuniary Relationship:

Except for the proposed remuneration, Mr. S.R. Deo does not have any pecuniary relationship directly or indirectly with the Company or managerial personnel of the company

### III. Other information:

- a) Reasons for inadequacy of profits : Not Applicable
- b) Steps taken or proposed to be : Not Applicable taken for improvement
- c) Expected increase in productivity : Not Applicable and profits in measurable terms



**Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

Name	Mr. V. R. Gupte	Mr. S.R.Deo	Mr. Priyavrata H. Mafatlal
Age	72 years	62 years	30 years
Qualification	B. Com., Member of the Institute of Chartered Accountants of India.	M.Tech. in Chemical Engineering from IIT Kanpur	M.Com. and B.M.S. (with specialization in Marketing) and has attended 3 Tier Management Program at IIM, Ahmedabad.
Date of Appointment / Re-appointment	27 July, 2016	1 August, 2017	8 May, 2017
Expertise in Specific Functional Areas	Mr. Gupte has more than 40 years of experience at various companies in Finance, Legal and Commercial matters. He retired as Chief Executive Officer of our Company in July, 2005. Presently he is part of a Business Solutions Consultancy.	Mr. Deo has contributed to improve the plant efficiencies, product quality, Health, Safety and Environment (HSE) standards in the company, Human Resources strategy to meet the future business challenges, creating strong technical team of Research and Technology for indigenous development of technologies and its implementation.	Mr. Priyavrata has worked as Management Trainee in NOCIL Limited, Navin Fluorine International Limited and Mafatlal Industries Limited during 2008 - 2010 and had gained varied experience and exposure in working with different businesses and divisions.
Directorship held in other listed entities	Mafatlal Industries Ltd.	NIL	Mafatlal Industries Ltd.
Membership / Chairmanship of Committees	Mafatlal Industries Ltd. Chairman – Audit Committee Member - Nomination and Remuneration Committee	NIL	NIL
Number of shares held in the Company	600 (As Joint holder)	2,87,410	5,17,000
Disclosure of relationship	Mr. Gupte is related to Mr. C.R.Gupte, Managing Director of the Company.	Mr. Deo is not related to any Director.	Mr. Priyavrata H. Mafatlal is related to Mr. Hrishikesh A. Mafatlal.

**Registered Office:**

Mafatlal House,  
H.T. Parekh Marg,  
Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Date : 08 May 2017

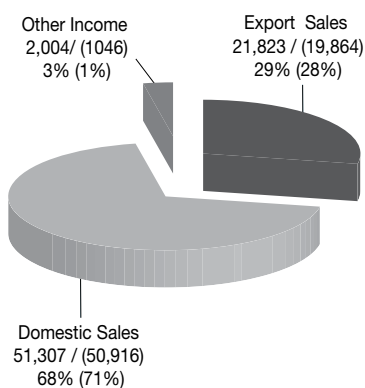
By Order of the Board  
For **NOCIL Limited**

**V.K. Gupte**  
Company Secretary

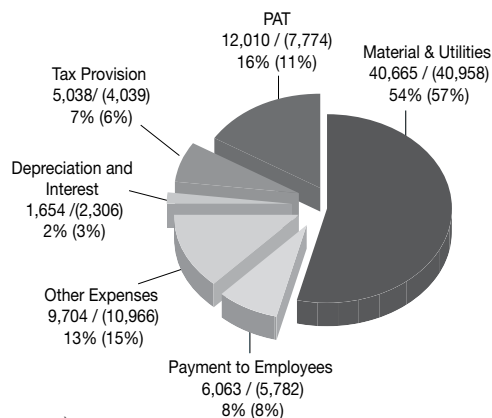
(₹ in lakhs)

SUMMARISED FINANCIAL DATA								
Sr. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>STATEMENT OF PROFIT AND LOSS</b>								
1	Total Income	45,893.40	50,473.65	50,205.16	60,690.09	72,288.83	71,825.45	75,132.97
2	EBITDA	5,610.94	5,611.28	3,348.53	7,168.22	11,576.24	14,119.42	16,731.80
3	Interest	12.45	43.16	375.49	1,738.77	1,651.22	933.96	222.14
4	Depreciation	798.51	899.34	784.57	1,755.84	1,360.48	1,372.44	1,431.75
5	Profit before Exceptional Items	4,799.98	4,668.78	2,188.47	3,673.61	8,564.54	11,813.02	15,077.91
6	Exceptional Income / (Expenditure)	-	22.45	2,225.00	(203.45)	-	-	1,969.57
7	Profit before Tax	4,799.98	4,691.23	4,413.47	3,470.16	8,564.54	11,813.02	17,047.48
8	Profit after Tax	3,331.82	3,399.06	4,249.02	2,361.76	5,674.84	7,774.03	12,009.87
9	Earning per share (EPS) Rs	2.07	2.11	2.64	1.47	3.53	4.83	7.42
10	Dividend (₹ per Share)	0.60	0.60	0.60	0.60	1.00	1.20	1.80
<b>BALANCE SHEET</b>								
11	Net Fixed Assets	11,370.91	20,187.17	30,449.09	30,490.37	29,660.93	29,580.55	29,074.26
12	Investments	2,483.13	2,505.58	4,730.58	4,730.58	4,730.58	4,730.58	6,715.81
13	Long-term loans and advances (Net)	3,466.87	3,508.46	4,006.68	3,426.14	2,286.05	1,246.85	113.26
14	Current Assets (Net)	15,780.82	17,318.56	14,590.14	18,109.97	23,532.61	18,439.19	29,900.68
15	Borrowings (including short term borrowings)	-	8,045.88	14,683.63	15,222.58	14,730.80	2,586.70	1,500.00
16	Share Capital	16,078.70	16,078.70	16,078.70	16,078.70	16,078.70	16,078.70	16,358.32
17	Free Reserves	14,927.20	17,205.03	20,325.38	21,558.47	25,263.20	30,715.00	43,014.93
18	Total Net Worth	31,005.90	33,283.73	36,404.08	37,637.17	41,341.90	46,793.70	59,373.25
19	Deferred Tax Liability/(Deferred Tax Asset)	2,095.82	2,190.16	2,688.77	3,897.32	4,137.46	4,616.77	4,930.76
20	Book Value per Equity Share (₹) (18/no. of shares)	19.28	20.70	22.64	23.41	25.71	29.10	36.69
	(Face value-₹ 10 per share)							
21	Debt / Equity Ratio (15/18)	-	0.24	0.40	0.40	0.36	0.06	0.03
22	Operating EBITDA (%) (2/1)	12%	11%	7%	12%	16%	20%	22%
23	Profit after Tax (%) (8/1)	7%	7%	8%	4%	8%	11%	16%
24	Return on Net Worth (%) (8/18)	11%	10%	12%	6%	14%	17%	20%
25	Return on Capital Employed (%) {2/(11+12+13+14)}	17%	13%	6%	13%	19%	26%	25%

## Rupees Earned



## Rupees Spent



(Figures in brackets indicate previous year)



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report together with the Audited Accounts of the Company for the year ended 31 March 2017.

FINANCIAL RESULTS		(₹ In Crores)
Particulars	For the year 31 March 2017	For the year 31 March 2016
Gross Revenue	818.28	788.61
Less : Excise Duty	76.06	73.40
Net Revenue	742.22	715.21
Profit before Tax	170.47	118.13
Profit after Tax	120.09	77.74
Earnings per share of Face Value of ₹ 10/- each		
- Basic	7.42	4.83
- Diluted	7.31	4.78

### Performance of the Company

A significant improvement in the operating performance of your company was witnessed during the financial year 2016-17 inspite of the challenges of low growth in global rubber consumption and a sudden increase in input costs during the last quarter of the financial year. Demand for rubber chemicals is a derived demand and is directly a function of global rubber consumption which for the year saw a modest growth of 1.60%. Against this backdrop, your company has posted a gross revenue of ₹ 818 crores as compared to ₹ 789 crores for the previous year. The growth in sales volume for the year also was very good at 12.5%. The performance also reflects relatively stable input prices (for the first half of the year) and commensurate lower selling prices. The lower selling prices also reflect the stiff competitive pressures in the market.

### Domestic Market

Your company achieved domestic sales of ₹589 crores against the previous year's figures of ₹580 crores. The value increase appears to be modest due to lower prices for major part of the year. However, growth in volumes has been creditable and we have outperformed the market growth significantly. To put this in the right perspective, domestic rubber consumption recorded an estimated growth of 5.8% whereas our local sales volumes grew by 10%.

During the year we had to trim production levels of some products in order to manage inventories in a situation of weak demand. Our major customers too had to operate at lower than optimum levels due to large imports of low-price tyres, mainly from China. With our customers improving capacity utilisation towards the last quarter of the year, we are confident of improving volumes going forward.

For most of the year, our competitors from China, Korea and EU posted low C.I.F prices to India to counter anti-dumping duties and in an attempt to place larger volumes, as they were faced with weak demand in their domestic markets. Also some of our local competitors also adopted a low price approach to gain volumes. This continued even in the second half of the year, although raw material prices by then had started climbing towards end 2016.

It was only towards the end of the financial year 2016-17 that we saw some efforts by the international rubber chemical manufacturers to improve pricing in response to the sharply increased raw materials and pollution abatement costs.

On our part, the attempt was to try and strike a balance between volumes and realisations in a prudent fashion by making small price corrections as and when possible without much sacrifice in volumes.

As mentioned, the sharp increases in raw material prices (particularly in second half of the Financial Year 2016-17) had already resulted in higher rubber chemicals prices. These increases will largely be effective for the first quarter of 2017-18. Your company will judiciously adapt to this change in the market place keeping in mind our objective of long term sustainable growth. Some corrections were effected in January-March 2017 and some more could be made effective from April 2017.

The domestic sales volumes have to be seen from the perspective of total rubber consumption in the Indian market along with the automobile production. The automobile production for the year under review too recorded a growth of 5.44%.

### Exports

On the back of small but positive indicators in the global rubber consumption and our strength in some specific markets/application areas, your company managed to record one of its best export performances in volume terms in recent years.

The recent problems faced by some of our Chinese competitors whose operations were severely constrained by stricter environmental and pollution control enforcement by the authorities there, have created a certain tightness in the supply of products in the market place. Owing to this, your Company could participate more aggressively in certain international key accounts on a relatively better level playing field. We have recorded an Export Turnover of ₹ 218 Crores as compared to ₹ 200 Crores in the previous Year.

Your company strategically continues to promote some high quality and high value speciality products in the export market which contribute significantly to our export turnover. In case of other products, where competition is acute from China/Korea/EU and pricing unattractive, your company continues to maintain a limited presence in certain select key accounts, keeping long term goals and strategy in mind, as well as to ensure better utilisation of our own capacity.

### Operations

The production of all products was as planned, with a higher level of activity in certain key products to align with the market trends.

On the Input prices front, Crude oil prices witnessed a sudden surge during the second half of the year. With Benzene price going up sharply from US\$ 600 to about US\$ 1,000, most of our critical inputs also increased in tandem in the range of 30% to 80% compared to the price levels at the beginning of the year.

We have been procuring our raw materials in a judicious manner and also maintaining working inventories of both raw materials as well as finished products at appropriate levels. This has helped us to maintain our margins without getting adversely impacted by these sudden increases in input costs.

Most other costs did not show any significant increase.

### Project

After a careful evaluation of the overall market conditions, and factoring the expansion plans of various major rubber industry players, the management of the company felt the need to expand our existing production capacities to fulfill the increasing demand for our productions. The Board of Directors has approved the same at the Company's plants situated at Navi Mumbai and Dahej. The total Capital Expenditure envisaged is approx. ₹170 Crore. The expansion project is expected to be commissioned by the end of second Quarter of the Financial Year 2018-19. In view of the company's current liquidity position and the likely business scenario in the upcoming financial year, the board is confident that the said Capital Expenditure can be largely financed through internal accruals.

### Finance & Rating

During the year under review, your Company generated cash profits at adequate levels which did not necessitate additional / fresh working capital borrowings from Banks/ Financial Institutions. Hence, the Company has incurred finance costs only towards the Term Loan.

The Credit Rating Agency CARE, in their recent evaluation, have enhanced your company's Long Term Credit Rating from AA- to AA and reaffirmed the Short term borrowings rating at the highest grade of A1+.

During the year your Company, repaid the term loan of ₹10 crore to its lender as per the terms of the agreement.

### Dividend

Your Directors are pleased to recommend payment of dividend of ₹1.80 per share of ₹10/- each ( 18 %), on the equity share capital of the Company [previous year ₹1.20/- per share of ₹10/- (12%)]. The dividend, together with the tax on Dividend, will absorb a sum of ₹35.16 crore (previous year ₹23.22 crore).

### Transfer of Unpaid Dividend and corresponding Equity Shares to the Investor Education and Protection Fund (IEPF)

In terms of the provisions of Section 125 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, all unclaimed / unpaid dividend up to FY 2008-09 has been transferred to the Investor Education and Protection Fund and unclaimed / un-encashed dividend for the FY 2009-10 paid on 30 July 2010 is due for transfer to IEPF on 5 September 2017.

The Ministry of Corporate Affairs (MCA) vide its Notification dated 5<sup>th</sup> September 2016 notified the Investor Education and Protection Fund Authority ( Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) followed by an amendment notified on 28<sup>th</sup> February 2017 . In terms of the said Rules, the Equity Shares in

respect of which the Dividend has not been claimed for seven consecutive years or more, are also required to be transferred to the IEPF in the prescribed manner.

Necessary communication to shareholders and newspaper notices have been issued in terms of the rules. The members are requested to claim / encash the unpaid / unclaimed Dividend for FY 2009-10 onwards so that the shares are not transferred to the IEPF. Further, notification from MCA regarding the modus operandi / procedure for such transfer of equity shares to IEPF is awaited, subsequent to which appropriate actions will be taken by the Company.

The list of shareholders who have not claimed / encashed Dividend Warrants for previous seven years is available on the website of the Company.

### Registrar and Share Transfer Agents (RTA)

As you are aware Securities & Exchange Board of India (SEBI) had vide its order dated 22 March 2016 banned Sharepro Services (India) Pvt Ltd ('Sharepro'), the Company's erstwhile Registrar and Transfer Agent (RTA) from performing the responsibilities as RTA with immediate effect.

In compliance with the SEBI's Order, with effect from 23 May 2016, the Company has appointed Karvy Computershare Private Limited ('Karvy') as the Company's RTA.

### Fixed Deposits

All the unclaimed fixed deposits/ unclaimed fixed deposit warrants have been transferred to Investor Education & Protection Fund, as required under Section 125 of the Companies Act, 2013. Since, the Company no longer accepts deposits from public, there are no outstanding/unclaimed deposits as at 31 March 2017.

### Insurance

The Company has taken all the necessary steps to insure its properties and insurable interests, as deemed appropriate and also as required under the various legislative enactments.

### Health, Safety and Environment

Your company is committed to highest level of HSE standards and integrating the same into business objectives to protect the environment and ensure the safety of employees, contractors, visitors and the communities around including suppliers and customers.

Your Company operates its facilities in a manner consistent with all the applicable HSE laws and regulations, adheres to well laid down policies, systems and procedures and has in place emergency handling procedures to provide very prompt and effective response to any emergency situation in the neighbourhood or society around the premises.

Company has Occupational Health Centres (OHC) at all its locations manned by a team of experienced doctors and male nurses. Regular health checks of all employees including contract employees is carried out every year which also meets statutory compliance requirement. Individual need based counselling of employees is done and health awareness programmes are held regularly.

A dedicated cell of Research & Technology is relentlessly working towards improvements in Environmental standards. Key objectives of the cell are:

- Source reduction by recovery and reuse of useful and valuable molecules from individual plant discharge streams.
- Natural resource and energy conservation measures by employing new and novel technologies.

Dahej plant has successfully implemented this environment strategy and delivers continuous compliance through real time on line data transmission.

HSE performance of the Company is reviewed by your Board every quarter and guidance and valuable suggestions made by the Board are incorporated to further strengthen HSE practice of the Company.

### **Total Quality Management**

Total quality management of your company focuses on improvement in quality and performance in all business processes and functions. TQM facilitates a disciplined approach and provides quality services internally and to all customers to achieve sustainable growth and healthy relationship with all employees, customers & suppliers.

Continuous improvement continues to be a key feature of your company's TQM initiative. Audits by external agencies and customers and their valuable inputs results into strengthening of TQM culture across the organisation. Planned annual targets for improvement and its review by the top management team demonstrates commitment of the management to enhance business value through TQM.

Your company has also ensured that its subsidiary and ancillary units are also certified for ISO 9001: 2008.

Dahej location is adopting 5S culture to create an international operating standard.

TQM will continue to be a focused objective for value enhancement of the rubber chemicals business.

### **Research & Development**

In pursuit of your company's vision to become a World class, customer focused, Innovative organization in the field of Rubber Chemicals, Research & Development function has been playing a pivotal role by developing novel and innovative process technologies in the following areas to accelerate growth strategies:

- Continuous improvement in process efficiency & Product quality to satisfy customer needs by employing advanced technologies & Process Intensification approaches;
- Sustainable environmental measures and Greening of existing processes through adoption of Green chemistry principles;
- Development of Niche Products & exploring innovative and novel technologies;

Strong R&D initiatives have led to de-bottlenecking of plant capacities, cost reduction through lower raw material consumption

and increased participation in niche products market, resulting in better realization.

Research initiatives of your company are recognised by national and international customers and the company enjoys a privileged status as a technology oriented organisation. Novel green initiatives of the company in the field of environmental strategies are appreciated by authorities, setting a benchmark as environmental friendly chemical business.

The research team of your company will continue the innovative initiatives which will yield long term benefits to the business and society.

### **Risk Assessment and Management**

Your Company has a well-defined Risk Management System in place, as a part of its good Corporate Governance practices. Your Company has assigned the ownership of key risks to various Risk Owners and has made the concerned departments and officials responsible for mitigation plans and review of these risks from time to time. The risks are identified at various departmental levels and suitable mitigation measures are thereafter adopted. These are further subjected to a quarterly review by the Risk Co-ordination Committee as well as the Board. The Business plans for the future are devised and approved by the Board keeping in mind risk factors which can significantly impact the performance of the particular business. All major capital expenditure commitments are subjected to thorough scrutiny by the Board and investments are permitted only on being satisfied about their return or utility to the Company. Expansion projects are subject to detailed risk assessment and sensitivity tests and approved only after found to pass eligibility criteria.

### **Internal Control Systems and their Adequacy**

Adequate internal controls, systems, and checks are in place, commensurate with the size of the company and the nature of its business. The management exercises financial control on the company's operations through a well-defined budget monitoring process and specifying standard operating procedures. Your Company has appointed an external professional agency M/s. Aneja Associates, Chartered Accountants, to conduct the internal audit, and the findings and recommendations of the Internal Auditors are placed before the Audit Committee of your Board regularly.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal controls in the company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal auditors, the management undertakes corrective action in the respective areas and thereby further strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. The Audit committee of the Board ensures that necessary corrective actions suggested are put in place. In addition during the year under report, the Audit Committee and the Board have specifically reviewed the Internal Control and Financial Reporting process prevalent in the Company. On a periodical basis, the Board also engages the services

of professional experts in the said field in order to ensure that adequate financial controls and systems are in place. At the end of a period, the CEO/CFO gives a declaration in the appropriate format to certify that the financial statements prepared are accurate and complete in all aspects and that there are no significant issues that can impair the financial performance of the Company.

#### **Vigil Mechanism / Whistle Blower Policy**

The company has a Vigil Mechanism Policy to deal with an instance of fraud or mismanagement, if any. The details of the Policy are explained in the Corporate Governance Report and are also posted on the website of the Company.

#### **Policy on Sexual Harassment of Women at Workplace**

As per the requirement under the provisions made under section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an appropriate Committee has been formed to attend to the complaints of the sexual harassment at workplace, if any, made by female employees. The committee of 4 members consists of two female employees, Vice President-Human Resource and a practicing Advocate in the field of labour laws and regulations. During the year under review, no complaints were received. Wide publicity continues to be given with respect to the policy to all employees and the policy is also displayed on the company's website.

#### **DIRECTORS**

##### **- Number of Board Meetings**

During the year the Board of Directors met seven times as per details stated in the report on Corporate Governance.

##### **- Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 and 25 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, of individual Directors as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The various criteria considered for the purpose of evaluation of Whole Time / Executive Directors included qualification, experience, knowledge, commitment, integrity, leadership, engagement, transparency, analysis, decision making, governance etc. The Board commended the valuable contributions and the guidance provided by each Director in achieving the desired levels of growth.

##### **- Declaration of Independent Directors**

As required under Section 149(7) of the Companies Act, 2013, the Independent Directors have placed the necessary declaration in terms of the conditions laid down under Section 149(6) of the Companies Act, 2013 in the Board Meeting held on 8 May 2017.

##### **- Familiarization Programme to Independent Directors**

The company provides suitable familiarization programme to Independent Directors so as to familiarise themselves with

the nature of the industry in which the company operates and business model of the company in addition to regular presentation on technical operations, marketing and exports and financial statements. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, Listing Regulations with regard to their roles, rights and responsibilities as Directors of the company. The details of the familiarization programme have been disclosed and updated from time to time on the company's website and its web link is: <http://www.nocil.com/images/fckeditor/file/Familiarization-Programme-for-IDS.pdf>.

#### **Directors' Responsibility Statement**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3)(c) of the Companies Act, 2013:

- (a) That in the preparation of the annual financial statements for the year ended 31 March, 2017, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (b) That such accounting policies as mentioned in Note 1 forming part of the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017.
- (c) 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;
- (d) That the annual financial statements have been prepared on a going concern basis;
- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) That system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

The above assessment of the Board was further strengthened by periodic review of internal controls by both internal as well as external auditors.

#### **Remuneration policy**

During the Financial Year 2014-15, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors approved a Policy for selection and appointment of Directors, Senior Management and their remuneration. There has been no change in the said Policy for the year under review. The Salient features of Remuneration Policy are given in the Corporate Governance Report.



### Restructuring of Promoters' shareholding

During the year under review, an Agreement was executed between the promoters and the listed companies of the Arvind Mafatlal Group. The details of this arrangement are uploaded on the company's website.

Pursuant to the Agreement, Mafatlal Industries Limited (MIL), the Company and Navin Fluorine International Limited (NFIL) realigned their inter-se shareholding and consequently the Company undertook purchase and sale transactions of Equity Shares which it held in MIL and NFIL respectively with a cash neutral position.

All the transactions were conducted as per the prevalent rules of SEBI and the gain on sale of shares of NFIL is shown as an exceptional item in the statement of profit and loss.

### Related Party Transactions

With the requisite approval of Audit Committee and Board of Directors and as a part of the Family settlement and Succession Planning amongst Mr. H.A. Mafatlal, Mr. V.P. Mafatlal, their family members and family companies, your Company purchased 7,03,375 equity shares of MIL from NFIL and sold 95,325 equity shares held by the Company in NFIL to group companies owned by Mr. V. P. Mafatlal. The transaction was completed as block deal at market price on National Stock Exchange.

All other related party transactions that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel, subsidiary company or other designated persons which may have a potential conflict with the interest of the company at large except as stated above.

As per the Related Party Transactions Policy, approved by the Board of Directors of the Company, during the year under review, the Company has entered into related party transactions based upon the omnibus approval granted by the Audit Committee. On quarterly basis, the Audit Committee reviewed such transactions for which omnibus approval was given.

Particulars of contracts or arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 in the prescribed form for FY 2016-17 are given in **Annexure "G"**.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and its weblink is <http://www.nocil.com/images/fckeditor/file/Policy-on-Related-Party-Transaction.pdf>

### Loans, Guarantees or Investments

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013, are given in the Notes forming part of Financial Statements for the year ended 31 March, 2017.

### Extract of Annual Return

Extract of Annual Return for the Financial Year ended on 31 March 2017 as required by Section 92 (3) of the Companies Act, 2013, is annexed as **Annexure "E"**.

### Subsidiary Company

PIL Chemicals Limited, (PIL) has recorded a Turnover of ₹12.56 Crores and Profit before Tax of ₹1.04 Crores, for the year under review. The Board of Directors of PIL recommended a Dividend of Re.0.40 per share.

The Company does not have any material subsidiary, however, the company has formulated a policy for determining material subsidiary(ies) and such policy has been disclosed on the company's website and its weblink is <http://www.nocil.com/images/fckeditor/file/Policy-on-Material-Subsidiaries.pdf>

Pursuant to the requirements of Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the details of Loans /Advances made to and investments made in the subsidiary have been furnished in Notes forming part of the Accounts.

A statement containing the salient features of the financial statement of the Company's subsidiary under the provisions of section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 has been annexed in prescribed form AOC -1

The audited accounts of the subsidiary company are placed on the Company's website and the members interested in obtaining copy of annual report of the subsidiary company are requested to get in touch with the Office of the Company Secretary.

### Consolidated Financial Statements

Consolidated Financial Statements are prepared by your Company in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report. The financial statements have been prepared as per Schedule III issued by the Ministry of Corporate Affairs.

### Personnel

The relations, during the year, between the employees and the management of your Company continued to be cordial.

Your Directors wish to thank all the employees for their continued support and co-operation during the year under review.

### Stock Options

In terms of your approval, read with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the details required to be provided under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, are set out in **Annexure "C"** to this Report.

### Particulars of Employees

The information required under section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company, are provided in **Annexure "F"**.

### Appointment/Reappointment of Directors and Key Managerial Personnel

Considering current business needs and future business expansion plans of the Company, the Board of Directors thought appropriate in the interest of the Company to appoint Mr. Hrishikesh A. Mafatlal as Executive Chairman effective 19 August 2016 for a period of 5 (five) years. Prior to that, Mr. Mafatlal was Non-Executive Chairman of the company representing the Promoter Group. The Company has secured the approval of the shareholders for his appointment by way of passing a special Resolution through the mechanism of the Postal Ballot. The details of the Postal Ballot are given under the Corporate Governance Section of the Annual Report.

In view of amicable restructuring and family settlement and succession between Mr. Hrishikesh A. Mafatlal and Mr. Vishad P. Mafatlal, the Board of Directors at its meeting held on 8 May, 2017, had appointed Mr. Priyavrata H. Mafatlal as an Additional Director (Promoter Group) pursuant to Section 161 of the Companies Act, 2013. As per the provisions of said section Mr. Mafatlal holds office as an Additional Director up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Director liable to retire by rotation.

Mr. Vishad P. Mafatlal stepped down as Non-Executive Director-Promoter Group of the Company from 19 August 2016. The Board wishes to place on record the valuable contributions made by him during his tenure as a director of the company.

Pursuant to Section 152(6) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vilas R. Gupte, Director retires by rotation at the forthcoming Annual General Meeting. Being eligible, he offers himself for re-appointment.

During the Financial Year under review, there has been no change in office of Key Managerial Personnel of the Company.

### Auditors

Pursuant to the requirement of Section 139(1) of the Companies Act, 2013, M/s Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditors, for financial years 2014-15, 2015-16 and 2016-17 and will hold the office up to ensuing Annual General Meeting (AGM) of the Company.

In line with the applicable provisions of the Companies Act, 2013, M/s Deloitte Haskins and Sells LLP, are required to demit from the office of the Statutory Auditors at the conclusion of ensuing AGM on 27 July, 2017.

Based on the recommendations of the Audit Committee, the Board of Directors has, at its meeting held on 8 May 2017 recommended the appointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai to be the Statutory Auditors of the Company to hold the office from conclusion of ensuing AGM until the conclusion of AGM to be held in the year 2022.

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Auditors of the Company. As required under Regulation 33 (1)(d) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. As required by Section 139(1) of the Companies Act, 2013, the appointment of Statutory Auditors is placed before the Members for approval. The appointment of the said firm shall be subject to ratification at every subsequent Annual General Meeting until the conclusion of AGM to be held in the year 2022.

### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s Kishore Bhatia & Associates to audit the cost accounts of the Company for the financial year 2017-18 on a remuneration of ₹5 lakhs.

The Cost Auditors have given a Certificate to the effect that the appointment, if made, will be within the prescribed limits specified under section 141 of the Companies Act, 2013.

The Audit Committee has obtained a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. The Cost Audit Report in respect of F.Y. 2015-16 was filed on 4 August 2016 and the Report for the Financial Year 2016-17 will be filed on or before the due date i.e. 30 September 2017.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is placed before the Members for their ratification.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. Makarand M. Joshi & Co., Company Secretaries, a firm of Company Secretaries in Practice to carry out the Secretarial Audit of the Company for FY 2016-17. The Report of the Secretarial Audit is annexed herewith as **Annexure "B"**.

### Report on Corporate Governance

As per Regulation 34 read with Schedule V (C) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, a separate section on Report on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance is attached.



### Report on Management Discussion and Analysis

As required under Regulation 34 read with Schedule V (B) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, report on “Management Discussion and Analysis” is attached and forms a part of this Report.

### Corporate Social Responsibility

In line with the provisions of the Companies Act, 2013 and the rules framed there under with respect to the Corporate Social Responsibility (CSR), your company has formulated a Policy on CSR and has also constituted a CSR Committee to recommend and monitor expenditure on CSR. The details of CSR Expenditure are given in the prescribed format and forms part of this Report. The same is annexed as **Annexure “A”**.

The company continues to actively support deserving social causes for improvement and upliftment of various sections of the society as has been its practice for past several years.

### Other Particulars

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules 2014 is set out in **Annexure “D”** and forms a part of this Report.

### Green Initiative

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time, which permits paperless compliances and also service of notice/ documents (including annual report) through electronic mode to its members. To support this green initiative of the Central Government in full measure, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holdings with their concerned depository participants and / or with the Company.

### Acknowledgements

Your Directors would like to acknowledge the continued support and co-operation from its Bankers, Government Bodies, and Business Associates which has helped the company to sustain its growth even during these challenging times.

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

Place : Mumbai  
Date : 8 May 2017

**Hrishikesh A. Mafatlal**  
**Chairman**

## ANNEXURE “A”

### Report on Corporate Social Responsibility (CSR) Activities

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

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the web link <http://www.nocil.com/images/fckeditor/file/CSR-Policy-NOCIL.pdf>

2. Composition of the CSR Committee

- Mr. H.A. Mafatlal – Chairman
- Mr. C.L. Jain – Independent Director
- Mr. Vishad P. Mafatlal – Non Executive Director (upto 19 August 2016)
- Mr. Vilas R. Gupte – Non – Executive Director (w.e.f. 19 August 2016)
- Mr. C.R. Gupte – Managing Director

3. Average Net Profit of the Company for last three financial years

- ₹ 8,468.87 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3(above)

- The Company is required to spend ₹169.38 lakhs towards CSR.

5. Details of Amount incurred towards CSR during the financial year

a. Total amount to be spent for the financial year. – ₹169.38 lakhs

b. Amount unspent, if any. - Nil

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

₹ in lakhs

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Location District (State)	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub-heads: Direct expenditure on projects or programmes. Overheads (Direct Expenditure)	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Olympic Gold Quest	Promotion of Olympic Sports	Mumbai	25.00	25.00	25.00	Implementing Agency
2	Shri Sadguru Seva Sangh Trust	Charitable & Philanthropic viz. Education Health-care & Rural Development	Chitrakoot, Dist.Satna & Anandpur, Dist. Vidisha-Madhya Pradesh	40.00	40.00	40.00	Direct
3	Shri Chaitanya Seva Trust	Charitable & Philanthropic viz. Health-care	Mira Road, Dist. Thane Maharashtra	40.00	40.00	40.00	Direct
4	Nisargopachar Ashram through ION Exchange India	promotion of health care and sanitation and making available safe drinking water	Pune, Maharashtra	20.20	20.20	20.20	Implementing Agency
5	Seva Sahyog Foundation	Education	Mumbai, Maharashtra	10.00	10.00	10.00	Direct



₹ in lakhs

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Location District (State)	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub-heads: Direct expenditure on projects or programmes. Overheads (Direct Expenditure)	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
6	Shabri Seva Samiti	health services, educational and social initiatives	Thane, Raigad and Nandurbar, Maharashtra	10.00	10.00	10.00	Direct
7	Utkarsh Star Mitra Mandal	environmental awareness	Mumbai, Maharashtra	1.75	1.75	1.75	Direct
8	Maharashtra Pollution Control Board	Environment Protection	Kalyan, Maharashtra	2.47	2.47	2.47	Direct
9	Padariya Village Primary School	Education	Padariya Village, Dahej, Gujarat	0.44	0.44	0.44	Direct
10	N.M. Sadguru Water and Development Foundation	rural/ tribal poverty reduction programmes	Dahod, Gujarat	25.00	25.00	25.00	Direct
<b>Total</b>				<b>174.86</b>	<b>174.86</b>	<b>174.86</b>	

CSR Committee hereby confirms that the implementation and monitoring of CSR is in compliance with CSR objectives and Policy of the company.

**C.R. Gupte**  
Managing Director

**H.A. Mafatlal**  
Chairman CSR Committee

**P. Srinivasan**  
President - Finance &  
Chief Financial Officer

**Annexure “B”****FORM NO. MR.3****SECRETARIAL AUDIT REPORT**

*For The Financial Year Ended 31<sup>st</sup> March, 2017*

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Nocil Limited**

Mafatlal House, 3rd Floor, H. T. Parekh Marg,  
Backbay Reclamation, Churchgate,  
Mumbai - 400020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nocil 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 my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 ('Audit Period') 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 the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Herein after Listing Regulations)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

- (i) The Petroleum Act, 1934;
- (ii) The Inflammable Substances Act, 1952;
- (iii) Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989;
- (iv) Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996;



- (v) Chemical Weapon Convention Act, 2000 and Chemical Weapon Convention Appeal Rules, 2005
- (vi) Petroleum Rules, 2002;
- (vii) Gas Cylinder Rules, 2004;

**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 the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

**We further report that during the audit period the Company has;**

01. Allotted 2796200 Equity Shares pursuant to Exercise of the Options granted under ESOP Scheme of the Company.
02. Submitted Audit Report to Securities and Exchange Board of India ('SEBI') as mandated by SEBI vide order dated 22 March, 2016 on records and systems of Sharepro Services (India) Private Limited, the Company's erstwhile Registrar and Transfer Agent with respect to dividends paid and transfer of securities to actual /beneficial shareholders for preceding last ten years.

**For Makarand M. Joshi & Co.,  
Company Secretaries**

**Makarand Joshi**  
Partner  
FCS No. 5533  
CP No. 3662

Place: Mumbai  
Date: 28.04.2017

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

## **‘Annexure A’**

To,

The Members,

**Nocil Limited**

Mafatlal House, 3rd Floor, H. T. Parekh Marg,

Backbay Reclamation, Churchgate,

Mumbai - 400020

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 and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Makarand M. Joshi & Co.,**  
**Company Secretaries**

**Makarand Joshi**  
**Partner**

FCS No. 5533

CP No. 3662

Place: Mumbai

Date: 28.04.2017



## ANNEXURE “C”

### Disclosure in the Directors’ Report as per SEBI Guidelines:

	Particulars	Till the year ended March 31, 2017
	Options outstanding as at the beginning of the year	4,169,200
a	Options granted during the year	2,077,400
b	Pricing Formula	Exercise Price shall be the latest available closing market price of the equity shares of the company, prior to the date of grant
c	Options Vested**	3,139,450
d	Options Exercised**	2,796,200
e	Total no. of shares arising as result of exercise of Options	2,796,200
f	Options lapsed *	-
g	Variation in terms of Options	None
h	Money realised by exercise of Options (in lakhs)	569.68
i	Total number of options in force**	3,450,400
	** The number of options have been reported as on 31.03.2017	-
	* Lapsed Options includes options cancelled/lapsed.	-
j	Employee wise details of options granted to:	<b>For the Grant made in 2016-17</b>
		<b>Name of the employee      No: of options granted</b>
	- Senior Management	Given herein below*
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	Nil
k	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'	7.31
l	Impact of employee compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP	151.60
m (i)	Weighted average exercise price of Options granted during the year whose	
	Exercise price equals market price	70.27
m (ii)	Weighted average fair value of options granted during the year whose	
	Exercise price equals market price	24.63
n	Description of method and significant assumptions used to estimate the fair value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:
		Weighted average values for options granted during the year
	<b>Variables</b>	
	<b>Stock Price</b>	70.27
	<b>Volatility</b>	44.83%
	<b>Riskfree Rate</b>	7.23%
	<b>Exercise Price</b>	70.27
	<b>Time To Maturity</b>	4 years
	<b>Dividend yield</b>	3.03%

**Details of options granted to Senior Managerial Personnel in force at the end of the year:**

Name	Designation	No. of Options granted
1 C.R. Gupte	Managing Director	781,200
2 S.R. Deo	Deputy Managing Director	701,500
3 R.M. Gadgil	President- Marketing	467,700
4 P. Srinivasan	Chief Financial Officer	414,900
5 Dr. C.N. Nandi	Vice President – Research & Development	300,800
6 Dr. N.D. Gangal	Vice President – QA, Analytical and Outsourced Research	271,600
7 R.M. Desai	Vice President- Operations, Corporate HR and Personnel	235,800
8 Ashwin Bhende	Assistant Vice President-Technology	44,300
9 Rakesh Srivastava	Assistant Vice President-Exports	39,700
10 Padam Bahal	Assistant Vice President-Financial and Cost Accounts	42,000
11 Manoj Shah	Assistant Vice President-Materials	42,100
12 V.K. Gupte	Company Secretary	37,000
13 D S Desai	Assistant Vice President-MTS	34,800
14 Suresh Shetty	Assistant Vice President-Operations	37,000
		<b>3,450,400</b>

**Note:**

All the grants are being given at the price of equity shares of the company on the day prior to the date of grant.



## ANNEXURE “D”

Statement pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31 March 2017.

### A. CONSERVATION OF ENERGY

#### a) The steps taken or impact on conservation of energy

- Co-generation plant at Dahej
- Condensate recycle system.
- Installation of optimum capacity pumps for cooling tower system
- Optimisation of chiller operation with heat recovery system.
- Replacement of steam jet ejectors by vacuum pump.
- Installation of optimum capacity energy efficient boiler.

#### b) The steps taken by the Company for utilising alternate sources of energy

- Installation of Sky Tubes – captures day light at the roof & delivers inside the building, eliminates electricity power.
- Installation of roof top solar panel at Dahej

#### c) The capital investment on energy conservation equipment

- Co-generation plant at Dahej- ₹ 350 Lakhs
- Installation of optimum capacity pumps for cooling tower system – ₹ 6 Lakhs
- Optimisation of chiller operation with heat recovery system – ₹ 56 Lakhs
- Replacement of steam jet ejectors by vacuum pump – ₹ 38 Lakhs
- Installation of smaller capacity boiler – ₹47 Lakhs
- Installation of Sky tubes : ₹ 24 Lakhs
- Installation of solar panels : ₹ 24 Lakhs

**Disclosure of particulars with respect to technology absorption, adoption and innovation**

### B. TECHNOLOGY ABSORPTION

#### Efforts in brief made towards technology absorption

1. Process Technology developed in-house for new generation Accelerator and scaled up in plant scale.
2. De-bottlenecking of Process of some of our existing Products to enhance Production capacity to meet Market demand.
3. Implementation of New generation Greener technologies viz. Ion Exchange & Membrane Separation Technologies for recovery of value added Products.
4. Continuous efforts are on to improve environmental performance by applying various modern technologies.

#### Benefits derived as a result of above efforts.

- a) Introduction of new generation Accelerator to meet some of the reputed Customer's need.
- b) Production Capacity enhancement with minimal capital investment to meet increasing Market demand
- c) Pollution abatement by recovering & recycling valuable chemicals to improve environmental performance.
- d) Recognition by National and International customers as Research oriented company by delivering quality & niche products.

#### Expenditure on R & D.

(₹ in Lakhs)

	FY 2016-17	FY 2015-16
Capital	21.68	188.11
Recurring	501.31	428.31
Total	522.99	616.42
Total R&D expenditure as % to total turnover	0.65	0.79

#### Foreign Exchange Earnings and Outgoings

Foreign exchange used		₹ In Crore
i)	Raw materials, stores and spare parts, Capital goods and other products	109.09
ii)	Expenditure in foreign currency	2.01
	Export of goods on FOB basis, Commission and Service Charges.	217.51

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

Place: Mumbai  
Date: 8 May 2017

**Hrishikesh A. Mafatlal**  
Chairman

**ANNEXURE E**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31 March 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Amendment Rules, 2016]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L99999MH1961PLC012003
- ii) Registration Date : 11 May 1961
- iii) Name of the Company : NOCIL LIMITED
- iv) Category / Sub-Category of the Company : Public Limited Company having Share Capital.
- v) Address of the Registered office and contact details : Mafatlal House, 3rd Floor,  
H.T. Parekh Marg,  
Backbay Reclamation, Churchgate,  
Mumbai-400020  
Tel.: 9122-66576100, 66364062  
Fax: 9122-66364060  
Email: investorcare@nocil.com  
Website: www.nocil.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District Nanakramguda,  
Hyderabad – 500 032  
Tel No. 91 40- 67162222  
Fax No. 91 40- 23420814  
Email Id: einward.ris@karvy.com  
Website: www.karvycomputershare.com

**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 products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Basic Organic Chemicals	24119	99%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable section
1.	<b>PIL Chemicals Ltd</b> Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400 020	<b>U25209MH2002PLC135201</b>	<b>Subsidiary</b>	<b>100%</b>	<b>2(87)</b>



#### 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				No. of Shares held at the end of the year				% change in shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
Individual/ HUF	8,59,660	--	8,59,660	0.53	8,59,660		8,59,660	0.53	0.00
Central Govt	--	--	--	--					
State Govt	--	--	--	--					
Bodies Corporate	5,96,19,739	--	5,96,19,739	37.08	5,96,19,739		5,96,19,739	36.44	0.64
Banks/ FI	--	--	--	--					
Any other	--	--	--	--					
Any other	--	--	--	--					
Sub-total (A) (1):	6,04,79,399	--	6,04,79,399	37.61	6,04,79,399		6,04,79,399	36.97	0.64
(2): Foreign									
NRIs- Individuals	--	--	--	--	--	--	--	--	--
Other Individuals	--	--	--	--	--	--	--	--	--
Bodies Corporate	--	--	--	--	--	--	--	--	--
Banks/FI	--	--	--	--	--	--	--	--	--
Any other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter									
(A)=(1)+(A) (2)	6,04,79,399	--	6,04,79,399	37.61	6,04,79,399		6,04,79,399	36.97	0.64
B. Public Shareholding									
1. Institutions									
Mutual Funds	4,057	41,890	45,947	0.03	15,53,387	9130	15,62,517	0.96	(0.93)
Banks/FI	8,77,193	55,340	9,32,533	0.58	3,76,337	88,900	4,65,237	0.28	0.30
Central Govt	--	--	--	-	--	--	--	-	-
State Govt	500	380	880	-	500	380	880	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies Funds	17,81,550	1,160	17,82,710	1.11	16,96,550	1,160	16,97,710	1.04	0.07
Others (specify) FIs, FPIs	10,87,473	1,000	10,88,473	0.67	80,66,266	1,000	80,67,266	4.93	(4.26)
Sub-total (B) (1):	37,50,773	99,770	38,50,543	2.39	1,16,93,040	100570	1,17,93,610	7.21	(4.82)
2. Non- Institutions									
Bodies Corporate									
i) Indian incl. Trusts	2,14,60,692	1,07,101	2,15,67,793	13.41	1,40,26,337	1,06,181	1,41,32,518	8.64	4.77
ii) Overseas	5,000	--	5,000	--	5,000	--	5,000	--	--
Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	4,59,79,287	42,24,767	5,02,04,054	31.22	4,36,43,150	41,43,322	4,77,86,472	29.21	2.01
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2,30,18,071	1,54,560	2,31,72,631	14.41	2,75,95,613	154560	27750173	16.96	(2.55)
Others (specify) NRI & NBFCs	14,08,840	98720	15,07,560	0.94	15,36,168	99,840	16,36,008	1.00	(0.06)
Sub-total (B)(2):	9,18,71,890	45,85,148	9,64,57,038	60.00	8,68,06,268	45,03,903	91310171	55.82	(4.17)
Total Public shareholding (B)= (B)(1)+(B) (2)	9,56,22,663	46,84,918	10,03,07,581	62.39	9,84,99,308	46,04,473	10,31,03,781	63.03	0.64
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15,61,02,062	46,84,918	16,07,86,980	100.00	15,89,78,707	46,04,473	16,35,83,180	100.00	--

ii) **Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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.	Hrshikesh A. Mafatlal	1,77,900	0.12	-	1,77,900	0.12	0.00	0.00
2.	Hrshikesh A. Mafatlal as Trustee of Hrshikesh A. Mafatlal Family Trust No. 1	5,030	0.00	-	10,260	0.00	0.00	0.00
3.	Hrshikesh Arvind Mafatlal (as Trustee of Sushilaben Trust)	12,000	0.01	-	0	0.00	0.00	(0.01)
4.	Vishad P. Mafatlal	200	0.00	-	0	0.00	0.00	(0.00)
5.	Vishad P. Mafatlal as Trustee of Vishad P. Mafatlal Family Trust No. 1	5,030	0.00	-	0	0.00	0.00	(0.00)
6.	Rekha Hrshikesh Mafatlal	22,000	0.01	-	1,54,500	0.10	0.00	0.09
7.	Priyavrata Hrshikesh Mafatlal	5,05,000	0.32	-	5,17,000	0.32	0.00	0.00
8.	Rupal Vishad Mafatlal	1,32,500	0.08	-	0	0.00	0.00	(0.08)
9.	Mafatlal Industries Ltd	2,30,36,469	14.33	14.35	2,60,07,919	15.90	14.11	1.57
10.	Arvi Associates Pvt Ltd	1,06,43,026	6.62	-	26	0.00	0.00	(6.62)
11.	Mafatlal Exim Pvt. Ltd.	75,88,540	4.72	-	0	0.00	0.00	0.00
12.	Shripad Associates Pvt Ltd	68,99,964	4.29	-	0	0.00	0.00	(4.29)
13.	Suremi Trading Pvt. Ltd.	23,84,220	1.48	-	2,03,69,204	12.45	11.08	10.97
14.	Navin Fluorine International Ltd.	68,50,000	4.26	-	38,78,550	2.37	0.00	(1.89)
15.	Altamount Products and Services Pvt. Ltd.	4,41,800	0.27	-	0	0.00	0.00	(0.27)
16.	Krishnadeep Engineers Pvt Ltd	3,50,000	0.22	-	4,02,720	0.25	0.00	0.03
17.	Sarvamangala Holdings Pvt. Ltd.	13,50,000	0.84	-	0	0.00	0.00	(0.84)
18.	Mafatlal Impex Pvt. Ltd.	23,920	0.01	-	0	0.00	0.00	(0.01)
19.	Milap Texchem Pvt. Ltd.	220	0.00	-	0	0.00	0.00	0.00
20.	Milekha Texchem Company Pvt. Ltd.	220	0.00	-	0	0.00	0.00	0.00
21.	Pamil Investments Pvt. Ltd.	28,580	0.02	-	0	0.00	0.00	(0.02)
22.	Shamir Texchem Pvt. Ltd.	220	0.00	-	220	0.00	0.00	0.00
23.	Sumil Holdings Pvt. Ltd.	220	0.00	-	220	0.00	0.00	0.00
24.	Sushripada Investments Pvt. Ltd.	22,340	0.01	-	89,60,880	5.47	0.00	5.46
<b>Total</b>		<b>6,04,79,399</b>	<b>37.61</b>	<b>14.35</b>	<b>6,04,79,399</b>	<b>36.97</b>	<b>25.19</b>	<b>(0.64)</b>



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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	At the beginning of the year	6,04,79,399	37.61	6,04,79,399	*37.61
2	Additions during the year - Inter-se acquisition from the Promoter Group.	2,27,55,440	14.15	8,32,34,839	*51.76
3	Deletions during the year - Inter-se disposal within the Promoter Group	(2,27,55,440)	(14.15)	6,04,79,399	**36.97
4	At the End of the year	6,04,79,399	37.61	6,04,79,399	**36.97

\* - Total Equity Share Capital at the beginning of the year comprised of 16,07,86,980 Equity Shares of the face value of ₹ 10/- each.

\*\* - Total Equity Share Capital at the end of the year comprised of 16,35,83,180 Equity Shares of the face value of ₹ 10/- each.

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ashish Kacholia	0	0.00	46,12,929	2.82
2	Dolly B Khanna	21,80,801	1.36	33,54,046	2.05
3	Acadian Emerging Markets Small Cap Equity Fund Llc	5,89,777	0.37	18,49,418	1.13
4	The New India Assurance Company Ltd.	16,11,640	1.00	16,11,640	0.99
5	Aahvan Agencies Limited	0	0.00	14,50,059	0.89
6	Llyod George Indian Ocean Master Fund	0	0.00	9,66,500	0.60
7	Abhinandan Leasing & Finance Private Limited	0	0.00	9,20,732	0.56
8	Edelweiss Custodial Services Limited	0	0.00	9,13,990	0.56
9	L&T Mutual Fund Trustee Limited-L&T Emerging Business Fund	0	0.00	8,00,000	0.49
10	EAM EMERGING MARKETS SMALL CAP FUND, LP	0	0.00	7,56,090	0.46
11	Finquest Securities Private Limited	49,60,300	3.09	0	0.00
12	Nirmal Bang Financial Services Pvt Ltd	11,40,000	0.71	0	0.00
13	Vibgyor Investors and Developers Pvt. Ltd.	10,00,000	0.62	0	0.00
14	Madhuri Kela	10,00,000	0.62	0	0.00
15	Par Investments Ltd.	8,17,182	0.51	0	0.00
16	Minal B. Patel	6,87,889	0.43	0	0.00
17	Axis Bank Limited	6,68,051	0.42	98,659	0.06
18	Edelweiss Securities Ltd	6,24,576	0.39	0	0.00

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

Sr. No.	For Each of the Directors and KMP	Beginning of the year		End of the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total Shares of the company
A. Directors					
1	Hrishikesh A. Mafatlal, Executive Chairman	1,94,930*	0.12		
	- Sale of Shares on 12/08/2016	(12,000)	(0.00)		
	- Acquisition of shares on 12/08/2016	5,230	0.00	1,88,160	0.12
2	Vishad P. Mafatlal, Non Executive Director (upto 19 August 2016)	5,230	0.00		
	- Sale of Shares on 12/08/2016	(5,230)	0.00	0	0.00
3	Rohit Arora, Independent Director	0	0.00	0	0.00
4	Vilas R. Gupte, Non-Executive Director @	600	-	600	0.00
5	N. Sankar , Independent Director	0	0.00	0	0.00
6	C.L.Jain , Independent Director	0	0.00	0	0.00
7	D. N. Mungale , Independent Director	0	0.00	0	0.00
8	P.V.Bhide , Independent Director	0	0.00	0	0.00
9	Ms. Dharmishta N. Raval , Independent Director	0	0.00	0	0.00
10	C.R. Gupte, Managing Director @	600	0.00		
	- Acquisition of Shares on exercise of ESOPs	13,46,000	0.83		
	- Sale of ESOP shares	(5,00,000)	(0.31)		
				8,46,000	0.52
11	S.R. Deo <sup>\$</sup> , Deputy Managing Director	10 <sup>\$</sup>	0.00		
	- Acquisition of Shares on exercise of ESOPs	5,37,400	0.33		
	- Sale of ESOP shares	(1,00,000)	(0.06)		
				4,37,410	0.27
B. Key Managerial Personnel					
1	R.M. Gadgil, President Marketing	0	0.00		
	- Acquisition of Shares on exercise of ESOPs	5,17,400	0.32		
	- Sale of ESOP shares	(2,00,000)	(0.13)		
				3,17,400	0.19
2	P. Srinivasan, Chief Financial Officer	0	0.00		
	- Acquisition of Shares on exercise of ESOPs	3,95,400	0.24		
	- Sale of ESOP shares	(1,50,000)	(0.09)		
				2,45,400	0.15
3.	V. K. Gupte, Company Secretary	0	0	0	0

\* including 17,030 shares held as a Trustee of Hrishikesh A. Mafatlal Family Trust No. 1 (5,030 shares) and Sushilaben Trust (12,000 shares).

@ Shares held as Jt. Holder , \$ out of 10, 5 shares held as Jt. Holder



## V. INDEBTEDNESS

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

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,586.70	-	163.38	2,750.08
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21.47	-	-	21.47
<b>Total ( i + ii + iii)</b>	<b>2,608.17</b>	<b>-</b>	<b>163.38</b>	<b>2,771.55</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	1,108.17	-	3.50	1,111.67
<b>Net Change</b>	<b>(1,108.17)</b>	<b>-</b>	<b>(3.50)</b>	<b>1,111.67</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,500.00	-	159.88	1,659.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13.48	-	-	13.48
<b>Total ( i + ii + iii)</b>	<b>1,513.48</b>	<b>-</b>	<b>159.88</b>	<b>1,673.36</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WT/ Manager			Total Amount
		H.A . Mafatlal, Executive Chairman (w.e.f. 19 August 2016)	C.R. Gupte Managing Director	S.R.Deo Deputy Managing Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83.63	104.39	96.90	284.92
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	19.44	6.55	25.99
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Options				
	(a) Granted till date		18,79,500	10,40,800	29,20,300
	(b) Exercised till date		13,46,000	5,37,400	18,83,400
3	Sweat Equity				
4	Commission				
	-- as % of profit				
	Others, please specify				
5	Others, (Includes retirement benefits and variable pay)	172.86	182.22	91.86	446.94
	<b>Total (A)</b>	<b>256.49</b>	<b>306.05</b>	<b>195.31</b>	<b>757.86</b>
	Ceiling as per the Act				1,601.74

## B. Remuneration to other directors:

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors						Total Amt
1. Independent Directors	CLJ	NS	RA	DNM	PVB	DNR	
• Fee for attending board committee meetings	5.15	4.45	5.15	5.15	1.95	2.30	24.15
• Commission	12.00	12.00	12.00	12.00	12.00	12.00	72.00
• Others, please specify	-	-	-	-	-	-	-
<b>Total (1)</b>	<b>17.15</b>	<b>16.45</b>	<b>17.15</b>	<b>17.15</b>	<b>13.95</b>	<b>14.30</b>	<b>96.15</b>
2. Other Non-Executive Directors	HAM <sup>\$</sup>	VPM	VRG				
• Fee for attending board committee meetings	2.35	1.80	3.50				7.65
• Commission	-	-	12.00	-	-	-	12.00
• Others, please specify	-	-	-	-	-	-	-
<b>Total (2)</b>	<b>2.35</b>	<b>1.80</b>	<b>15.50</b>				<b>19.65</b>
<b>Total (B)=(1+2)</b>							<b>115.80</b>
Total Managerial Remuneration (A+B)							873.66
<b>Overall Ceiling as per the Act</b>							<b>1,761.29</b>

CLJ = C.L. Jain; NS= N.Sankar ; RA= Rohit Arora; DNM= D.N. Mungale; PVB= P.V. Bhide; DNR= (Ms.) Dharmishta Raval; HAM=H.A. Mafatlal; VPM= V.P. Mafatlal; VRG= Vilas R. Gupte.

\$ - Sitting fees paid to HAM up to 19 August 2016.

## C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ In Lakhs)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		R.M. Gadgil President - Marketing	P. Srinivasan Chief Financial Officer	V.K.Gupte Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	80.82	80.40	35.32	196.54
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.60	3.00	0.75	13.35
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Options				
(a)	Granted till date	8,56,800	6,98,200	37,000	15,92,000
(b)	Exercised till date	5,17,400	3,95,400	-	9,12,800
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5.	Others (Includes retirement benefits and variable pay)	22.29	21.35	6.42	50.06
	<b>Total</b>	<b>112.71</b>	<b>104.75</b>	<b>42.49</b>	<b>259.95</b>


**VII. Penalties / Punishment / Compounding of Offences :**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/CLT/Court)	Appeal made, if any (Give details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**ANNEXURE “F”****Disclosure u/s 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016**

- 1 Ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year ended 31 March 2017

Sr. No.	Directors	Remuneration (INR in lakhs)	Median Remuneration (INR in lakhs)	Ratio
1	Mr. H. A. Mafatlal	258.84	8.22	31
2	Mr. Vishad P. Mafatlal	1.80	8.22	0
3	Mr. Vilas R. Gupte	15.50	8.22	2
4	Mr. N. Sankar	16.45	8.22	2
5	Mr. Rohit Arora	17.15	8.22	2
6	Mr. C. L. Jain	17.15	8.22	2
7	Mr. D. N. Mungale	17.15	8.22	2
8	Mr. P. V. Bhide	13.95	8.22	2
9	Ms. Dharmistha Raval	14.30	8.22	2
10	Mr. C. R. Gupte- <i>Managing Director</i>	306.05	8.22	37
11	Mr. S. R. Deo - <i>Deputy Managing Director</i>	195.31	8.22	24

- 2 The Percentage increase in remuneration of each Director and Key Managerial Personnel in the financial year

Sr. No.	Directors and Key Managerial Personnel	Percentage increase
1	Mr. H. A. Mafatlal	*
2	Mr. Vishad P. Mafatlal	#
3	Mr. Vilas R. Gupte	44
4	Mr. N. Sankar	50
5	Mr. Rohit Arora	62
6	Mr. C. L. Jain	53
7	Mr. D. N. Mungale	50
8	Mr. P. V. Bhide	37
9	Mrs. Dharmistha Raval	43
10	Mr. C. R. Gupte- <i>Managing Director</i>	26
11	Mr. S. R. Deo - <i>Deputy Managing Director</i>	17
12	Mr. R M Gadgil- <i>President Marketing</i>	17
13	Mr. P Srinivasan- <i>Chief Financial Officer</i>	17
14	Mr. V. K. Gupte- <i>Company Secretary</i>	9

\* Not comparable with previous year since appointed as *Executive Chairman* w.e.f. 19 August 2016

# Not comparable with previous year since ceased to be *Director* w.e.f. 19 August 2016

- 3 Percentage increase in the median remuneration of employees in the financial year 13%
- 4 The number of permanent employees on the rolls of the company as at 31 March 2017 456
- 5 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- Average increase in salaries of employees other than the managerial personnel is 10% excluding retirements/ resignation and recent recruitments. Remuneration of KMP is duly approved by NRC of the board which is in line with industry trends, future business plans and the performance of the company for the year under review.
- 6 It is affirmed that the remuneration paid is as per the remuneration policy of the company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 8 May 2017

**Hrishikesh A. Mafatlal**  
Chairman



**Disclosure under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016**

(A) The following details are given in respect of top ten employees in terms of remuneration or the employees who were employed throughout the year and were in receipt of remuneration of not less than ₹ 102 lakhs per annum:

Name & age (years), designation/ nature of duties, remuneration (₹ in lakhs), qualification & experience (Years), date of commencement of employment, last employment held (Name of employer, post held and period (years))

1. Mr. C. R. Gupte (67) Managing Director, ₹ 306.05 lakhs, Bsc., FCA, (41), 09.12.1976, None, Related to Mr. Vilas R. Gupte (Director of the company)
2. Mr. S. R. Deo (62), Deputy Managing Director, ₹ 195.31 lakhs, M.Tech -Chemical Engineering from I.I.T. Kanpur (38), 01.11.1979, None.
3. Mr. R.M. Gadgil (64), President -Marketing, ₹ 108.31 lakhs, B. Tech Chemical Engineering from I.I.T. Mumbai (35), 01.11.1982, None.
4. Mr. P. Srinivasan (51), Chief Financial Officer, ₹ 104.75 lakhs, B.Com. & A.C.A, (12), 25.01.2005, Flamingo Pharmaceuticals Limited, General Manager - Finance, (3)
5. Dr. C.N. Nandi (58), Vice President- Research & Development, ₹ 76.56 lakhs, M.Sc. & Ph.D. In Chemistry, (36), 08.09.1981, Bhabha Atomic Research Centre (0.5)
6. Dr. N.D. Gangal (51), Vice President- Analytical Research & Quality Assurance, ₹ 70.70 lakhs, M.Sc. & Ph.D. In Chemistry, (10), 01.10.2007, Dow Chemicals, (0.5)
7. Mr. R.M. Desai (56), Vice President- Production & Personnel, ₹ 54.35 lakhs, B.E. Chemical Engineering(35), 15.06.1982, None
8. Mr. A.B. Bhende (49), Assistant Vice President- Technology, ₹ 52.39 lakhs, B.Sc. Tech. DBM.(16) 02.04.2001, Gharda Chemicals Limited,(10)
9. Mr. M. J. Shah (57), Assistant Vice President- Materials, ₹ 48.51 lakhs, Diploma in Material management and Diploma in Mechanical Engineering,(5), 09.02.2012, Ashapura Minechem Limited (13)
10. Mr. Padam Bahal (53), Assistant Vice President- Financial and Cost Accounts, ₹ 48.12 lakhs, B.Com & A.I.C.W.A, (10), 01.01.2008, Hikal Limited, (2)

(B) Name of the employees employed for the part of the year and were in receipt of remuneration of not less than ₹ 8.50 lakhs per month  
Mr. H.A. Mafatlal (62), Executive Chairman, ₹ 258.84 lakhs, B.Com. (Hons.), (0.6), 19.08.2016, Navin Fluorine International Limited (14)

(C) The percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of sub rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

Not Applicable

**Notes:**

- 1 Remuneration as above includes, salary, company's contribution to Provident Fund and Superannuation Schemes, Gratuity fund and other Long Service funds, Leave Encashment, Leave Travel benefits, reimbursement of Medical expenses, Medical insurance premium, House Rent allowance, Compensatory allowances, Personal/ Special Allowance, Commission wherever applicable, Personal Accident Insurance, monetary value of perquisites calculated in accordance with provision of Income Tax Act, 1961 and rules made thereunder in respect of Housing, Company's furniture and equipments etc
- 2 The nature of employment is contractual for all the above employees.
- 3 None of the employees of the Company are related to any Director of the Company except Mr. C. R. Gupte- *Managing Director of the company* and Mr. Vilas R. Gupte - *Director of the company*.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 8 May 2017

**Hrishikesh A. Mafatlal**  
Chairman

**Annexure G****Form No. AOC - 2**

(Pursuant to 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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the Ordinary* resolution was passed in general meeting as required under the first proviso to section 188
Nil								

\* As per the Companies (Amendment) Act, 2015 notified by Ministry of Corporate Affairs on 26th May 2015.

**2 Details of material contracts or arrangements or transactions at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1	Mafatlal Industries Limited (Promoter)	Reimbursement of Miscellaneous expenses	Continuing arrangement	₹14.03 Lakhs	NA	Nil
		Purchase of Equity Shares	Arrangement between Promoter Group companies	₹ 2210.00 Lakhs	06/08/2016	Nil
2	Navin Fluorine International Limited (Promoter)	Purchase of materials	Continuing arrangement	₹1.88 Lakhs	NA	Nil
		Payment of Rent	3 years	₹ 12,48,000/- p.m.	NA	Nil
		Sale of Equity Shares	Arrangement between Promoter Group companies	₹ 2194.00 Lakhs	06/08/2016	Nil
3	PIL Chemicals Limited (Wholly-owned subsidiary)	Processing charges	Continuing arrangement	₹ 1184.05 Lakhs	NA	Nil
4	Shri Sadguru Seva Sangh Trust*	Donation under CSR	Donation is as per CSR Policy	₹ 40.00 Lakh	NA	Nil
5	Chaitanya Seva Trust*	Donation under CSR	Donation is as per CSR Policy	₹ 40.00 Lakh	NA	Nil

\* Mr. H.A. Mafatlal and Mr. Vishad P. Mafatlal are Trustees / Relative of Trustees of Shri Sadguru Seva Sangh Trust and Sri Chaitanya Seva Trust having no beneficial interest. The payments were made to the Trusts prior to the arrangement between the Promoters.

**For NOCIL Limited**

**H. A. Mafatlal**  
Chairman

Place: Mumbai  
Date : 8 May 2017



## Report on Corporate Governance

### 1. Company's philosophy on Corporate Governance

The Company's policy on Corporate Governance is based on the principles of full disclosure, fairness, equity, transparency and accountability in the various aspects of its functioning, leading to the protection of the stakeholders' interest and an enduring relationship with stakeholders. The Management's commitment to these principles is reinforced through the adherence of all Corporate Governance practices which forms part of the Regulation Nos. 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations']. The Company has also adopted the Code of Conduct for the Directors and senior management personnel. The Company has in place a Code for Fair Disclosure and Conduct as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

### 2. Board of Directors

The Company's Board of Directors comprises of both Independent and Non-Independent Directors. The Company also has one woman Director on its Board. The number of Independent Directors comprises of more than 50% of the total strength of the Board. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

The management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Executive Chairman and Managing Director who function under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Mr. Hrishikesh A. Mafatlal, who was appointed as Executive Chairman w. e. f. 19 August 2016 belongs to the promoter group. Mr. Priyavrata H. Mafatlal who was appointed as an Additional Director w.e.f. 8 May, 2017, belongs to promoter group and is related to Mr. Hrishikesh A. Mafatlal. Mr. C.R. Gupte, Managing Director and Mr. Vilas R. Gupte, Director are related to each other. None of the Directors are related to each other, other than as stated above.

None of the Independent Director has any other material pecuniary relationship or transaction with the Company, its Promoters, or Directors, or Senior Management which, in their judgment, would affect their independence.

The Board of Directors comprises of professionals drawn from diverse field who bring with them a wide range of skills and experience to the Board which enhances the quality of Board's decision making process.

The broad composition of the Board of Directors and other details such as their total number of Directorship / Committee positions viz., Chairman/ Member, shareholding in the Company and attendance at the Board Meetings and at the last Annual General Meeting are as under :

#### Composition of Board of Directors as on 31 March 2017:

Category	No. of Directors
Independent Directors	6
Other Non-Executive Director	1
Executive Chairman, Managing Director & Deputy Managing Director	3
<b>Total</b>	<b>10</b>

Sr. No.	Name of Director	Category of Director	No of Shares held as on 31-03-2017	No. of Board meetings attended during FY 2016-17	No. of Directorship in Public Companies as on 31-3-2017*	No. of Board Committee Membership held in Public Companies as on 31-3-2017**		Attendance at last AGM held on 27 <sup>th</sup> July 2016
						Chairman	Member	
1.	Hrishikesh A. Mafatlal	Executive Chairman Promoter Group	188160 <sup>@</sup>	7	3	0	2	Yes
2	Vishad P. Mafatlal (upto 19 August 2016)	Non-Executive Director - Promoter Group	-	4	-	-	-	Yes
3	C.L.Jain	Independent Director	-	7	4	3	2	No <sup>ss</sup>
4	N. Sankar	Independent Director	-	6	3	-	1	No
5	Rohit Arora	Independent Director	-	6	2	2	1	Yes
6	Vilas.R. Gupte	Non-Executive Director	600 <sup>\$</sup>	4	2	1	2	Yes
7	D. N. Mungale	Independent Director	-	7	7	1	6	Yes
8	P. V. Bhide	Independent Director	-	6	8	1	7	Yes
9	Ms. Dharmishta N. Raval	Independent Director	-	6	5	0	0	No
10	C.R. Gupte	Managing Director	846600#	7	1	-	1	Yes
11	S.R. Deo	Deputy Managing Director	437410##	7	1	0	0	Yes

<sup>@</sup> including 10060 Equity shares held as Trustee of Hrishikesh A. Mafatlal Family Trust No. 1.

\* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 companies (having charitable objects etc.) and includes directorship in NOCIL Ltd.

\*\* In accordance with Regulation 26 of the Listing Regulations, Chairmanships / Memberships of only Audit Committee and Stakeholder Relationship & Investors' Grievance Committee of all Public Limited Companies, whether listed or not, has been considered including that of NOCIL Ltd.

\$ Equity Shares held as Joint holders

# Out of 8,46,600, 600 Equity Shares held as Joint holder and balance 8,46,000 Equity shares are held by Mr. C. R. Gupte on exercise of the Company's ESOP Scheme-2007.

## Out of 4,37,410, 5 shares each are held as single and Joint holder and balance 4,37,400 Equity Shares are held by Mr. S. R. Deo on exercise of the Company's ESOP Scheme-2007.

\$\$ Mr. D. N. Mungale, Independent Director was nominated as Chairman of the Audit Committee to attend the AGM due to absence of Mr. C. L. Jain.

The Company has clearly defined the roles, functions, responsibility and accountability of the Board of Directors. In addition to its primary role of monitoring corporate performance, the major functions of the Board comprise:

- Approving corporate philosophy;
- Formulating strategic and business plan;
- Reviewing and approving financial plans and budgets;
- Monitoring corporate performance against strategic and business plans;
- Ensuring ethical behavior and compliance with laws and regulations;
- Reviewing and approving borrowing limits.

During the year under review seven meetings of the Board were held in Mumbai on the following dates:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1.	05.05.2016	11	10
2.	27.07.2016	11	11
3.	06.08.2016	11	8
4.	19.08.2016	11	10
5.	20.10.2016	10	9
6.	23.01.2017	10	10
7.	16.03.2017	10	9

The maximum gap between two Board Meetings held during the year was not more than 4 (four) months.

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the Notes are sent in advance to the Directors. Additional Meetings of the Board are held when deemed necessary by the Board. As required by Secretarial Standards, certain Unpublished Price Sensitive Information (UPSI) such as Unaudited / Audited Financial Results with Presentation thereon is being circulated to the Board

Members at a shorter Notice as per the general consent given by the Board of Directors at the first Board Meeting held at each financial year.

The Fifty Fourth Annual General Meeting was held on 27<sup>th</sup> July 2016.

Pursuant to requirements of Regulation 26 of the Listing Regulations, none of the Company's Director is a member of more than 10 committees or Chairman of more than 5 committees across all Public companies in which he is a Director.

### Familiarization Programme

Periodically, the Company provides familiarization programme to the Independent Directors to enable them to understand the business of the Company. At the meetings of the Board of Directors held on quarterly basis, presentations on the Manufacturing, Marketing, financial and technical operations are made. The Management also endeavors to apprise the Directors regarding their responsibilities in case of change / amendment to the Rules and Regulations. The details of the familiarization programme has been displayed on the Company's website and its weblink is <http://www.nocil.com/images/fckeditor/file/Familiarization-Programme-for-IDS.pdf>.

### 3. Audit Committee

The total strength of the Audit Committee is 5 out of which, 4 members fall under the Independent Category. The norms require 2/3<sup>rd</sup> of the members to be independent directors.

Mr. C. L. Jain is the Chairman of the Audit Committee.

The scope of the activities of the Audit Committee is as set out in Regulation 18 of the Listing Regulations read with Section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee are broadly as follows:

- a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement is correct, sufficient and credible;
- b) To engage consultants who can analyse / review the internal practices and give a report thereon to the audit committee from time to time in respect of the Company's Financial Reporting and controls thereto;
- c) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- d) to recommend the appointment of the Cost Auditor and review the Cost Audit Report.
- e) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- f) examination of the financial statement and the auditors' report thereon;
- g) approval or any subsequent modification of transactions for the company with related parties;
- h) scrutiny of inter-corporate loans and investments;
- i) valuation of undertakings or assets of the company, wherever it is necessary;



- j) evaluation of internal financial controls and risk management systems;
- k) To review the Internal Control over Financial Reporting.
- l) Monitoring the end use of funds raised through public offers and related matters.

The composition of the Audit Committee and the details of meetings attended by the Members are given below:

Name of Members	Category	No. of Meetings attended during the year 2016-17
Mr. C.L. Jain, Chairman	Independent Director	5
Mr. N.Sankar	Independent Director	4
Mr. Rohit Arora	Independent Director	4
Mr. D.N.Mungale	Independent Director	5
Mr. Vilas R. Gupte	Non-Executive Director	3

During the year five Audit Committee Meetings were held, the dates of which are as follows:

5 May 2016, 27 July 2016, 6 August 2016, 20 October 2016, and 23 January 2017.

The requisite quorum was present at the meetings.

Audit Committee Meetings are also attended by the Executive Chairman, Managing Director, Deputy Managing Director, Chief Financial Officer and Company Secretary. The Company Secretary acts as the Secretary of the Audit Committee.

The Board of Directors has appointed M/s. Aneja Associates, Chartered Accountants, as Internal Auditors to conduct the internal audit of the various areas of operations and records of the Company. The periodical reports of the said internal auditors were regularly placed before the Audit Committee along with the comments of the management on the action taken to correct any observed deficiencies on the working of the various departments.

The Audit Committee also assures the Board about the adequate internal control procedures and financial disclosures commensurate with the size of the Company and in conformity with the requirements of the Listing Regulations.

#### 4. Share Transfer Committee

The present members of the Committee are Mr. H.A. Mafatlal, Executive Chairman, Mr. C.R. Gupte, Managing Director and Mr. S. R. Deo, Deputy Managing Director (w. e. f. 19 August 2016). Mr. Deo was appointed as a Member in place of Mr. V. P. Mafatlal consequent to his resignation.

The Committee approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding Transmission / Consolidation / Split of Share Certificates etc. The Committee normally meets once in a week to approve the share transfers and other related matters and reports the same by circulation of Minutes to the Board. The Company's Registrar and Share Transfer Agents verifies transfer deeds and other related documents of cases of Transmission / issue of Duplicate Share Certificates and recommends the same for approval of the Committee. Further,

as per Regulation 40 (2) of the Listing Regulations, a report on transfer of shares / deletion of name/ issue of duplicate share certificate/ transmission of securities is also placed at each meeting of the Board of Directors.

#### 5. Stakeholders Relationship and Investors' Grievance Committee

The Company has constituted the Stakeholders Relationship and Investors' Grievance Committee in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations (erstwhile Listing Agreement). Mr. Rohit Arora is the Chairman and Member of the Committee and was present at the Company's Annual General Meeting held on 27 July 2016.

The Composition of the Committee is as follows and all members attended the meetings held on 27 July 2016 and 16 March 2017:

Name of Members	Category
Mr. Rohit Arora, Chairman	Independent Director
Mr. Hrishikesh A. Mafatlal	Executive Chairman (Promoter Group)
Mr. Vishad P. Mafatlal (upto 19 August 2016)	Non-Executive Director
Mr. C.R. Gupte	Managing Director
Mr. Vilas. R. Gupte (w. e. f. 19 August 2016)	Non-Executive Director

The Committee meets as and when the need arises. The Committee reviews the complaints received by the Company from its investors and the action taken by the management to sort out these complaints. During the Financial Year 2016-17, the Committee also reviewed the Report submitted by M/s Makarand Joshi & Co., Practicing Company Secretaries in respect of Audit of records and system of Sharepro Services (I) Pvt Ltd, the Company's erstwhile Registrar and Transfer Agent based on the Order passed by SEBI (Ref No. WTM/ RKA/MIRSD2/41/2016 dated 22 March, 2016). The Minutes of the Committee meetings are circulated to the Board of Directors.

The Company received 6 complaints from shareholders in Financial Year 2016-17. Except one complaint, all the other complaints were resolved to the satisfaction of the investors. As regards the pending complaint, all efforts will be made to resolve the same at the earliest. However, since it pertains to very old matter of 1997, it will require more investigation to resolve the issue.

The Company Secretary acts as the Secretary of the Committee.

#### 6. Nomination and Remuneration Committee

The broad terms of reference of the Nomination and Remuneration Committee (NRC) are as follows:

- a. Appointment / re-appointment of Executive Chairman / Managing Director / Deputy Managing Director.
- b. Review the performance of the Executive Chairman / Managing Director / Deputy Managing Director after considering the Company's performance.

- c. Recommend to the Board remuneration including Salary, Perquisites and Performance Bonus to be paid to the Company's Executive Chairman /Managing Director / Deputy Managing Director.
- d. Review of the Remuneration Policy of the company in line with market trends to attract and retain the right talent.
- e. Review and approval of elevation / promotions and revision in remuneration of Top Management Executives of the Company.
- f. Grant of Employees Stock Options to Designated Employees and allotment of Equity Shares on exercise of the ESOPs.
- g. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- h. Formulation of criteria for evaluation of Independent Directors and the Board.
- i. Devising a policy on Board diversity.
- j. 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 their appointment and removal.

The composition of the NRC is as follows and the details of meetings attended by the Members are given below:

Name of Members	Category	No. of meetings attended during the Year
Mr. Rohit Arora, Chairman	Independent Director	3
Mr. H. A. Mafatlal	Executive Chairman (Promoter Group)	3
Mr. N. Sankar	Independent Director	3
Mr. D.N. Mungale	Independent Director	3

During the year three NRC Meetings were held on 5 May 2016, 19 August 2016 and 16 March 2017.

The performance of each Independent Director is evaluated by the entire Board of Directors (in the absence of the director being evaluated) on the basis of engagement, leadership, analysis, decision making, communication, governance, interest of stakeholders etc.

## 7. Remuneration Policy

The Nomination and Remuneration Committee while deciding the remuneration package of the Directors and Senior Management Executives ensures that:

- i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. In terms of the Shareholders' approval obtained at the Annual General Meeting held on 30 June 2014, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 197 and 198 of the Companies Act, 2013. The distribution of Commission amongst the NEDs is placed before the Board and distributed as mutually decided by the Board.

## 8. Remuneration of Directors

(₹ in Lakhs)

Name of the Director	Salary, Allowances / Perquisites & Performance Bonus	Contribution to Funds	Total
Mr. H. A. Mafatlal, Executive Chairman (w.e.f. 19 August 2016)	241.63	14.86	256.49
Mr. C. R. Gupte, Managing Director	260.93	45.12	306.05
Mr. S.R. Deo, Deputy Managing Director	172.75	22.56	195.31

During the financial year 2016-17, 4,74,500 and 3,79,500 Stock Options were granted to Mr. C.R. Gupte and Mr. S.R. Deo respectively. The Nomination and Remuneration Committee in its meeting held on various dates so far granted in aggregate 21,27,200 Stock Options to Mr. C.R. Gupte, Managing Director, and 12,38,900 Stock Options to Mr. S.R. Deo, Deputy Managing Director under Employees Stock Options Scheme. Stock Options are issued at exercise price being the closing price on the previous day of date of grant at the Exchange at which the largest numbers of shares were traded. The options would be vested in 4 equal annual installments beginning at the end of one year from the date of grant. The exercise period would commence one year from the date of grant and will expire on completion of ten years from the date of grant of options. The details of the options exercised by Mr. C.R. Gupte and Mr. S.R. Deo are given below:

Name of the Director	No. of ESOPs exercised during the FY 2016-17	No. of Equity Shares sold during FY 2016-17	No. of Equity Shares held as on 31-03-2017
C.R. Gupte, Managing Director	13,46,000	5,00,000	8,46,000
S. R. Deo, Deputy Managing Director	5,37,400	1,00,000	4,37,400
<b>Total</b>	<b>18,83,400</b>	<b>6,00,000</b>	<b>12,83,400</b>



The existing term of appointment of the Managing Director is expiring on 31 July 2017. In line with the succession plan, the Board of Directors have appointed Mr. S.R. Deo as Managing Director of the company effective 1 August 2017 for a period of 5 years. The approval of the Members for the appointment and payment of remuneration to Mr. S. R. Deo as Managing Director is being taken at the ensuing 55<sup>th</sup> Annual General Meeting of the Company and forms part of the Notice convening the 55<sup>th</sup> Annual General Meeting of the Company.

**Commission / Sitting Fees to Non-Executive Directors for the financial year 2016-17 for attending Board and Committee Meetings.**

(₹ In Lakhs)

Name of the Director	Sitting Fees	Commission*	Total
Hrishikesh A. Mafatlal	2.35	-	2.35
Vishad P. Mafatlal (upto 19 August 2016)	1.80	-	1.80
Rohit Arora	5.15	12.00	17.15
Vilas R. Gupte	3.50	12.00	15.50
N. Sankar	4.45	12.00	16.45
C.L. Jain	5.15	12.00	17.15
D. N. Mungale	5.15	12.00	17.15
P.V. Bhide	1.95	12.00	13.95
Ms. Dharmishta N. Raval	2.30	12.00	14.30
<b>Total</b>	<b>31.80</b>	<b>84.00</b>	<b>115.80</b>

\* On accrual basis

**9. Corporate Social Responsibility (CSR) Committee**

The terms of reference of the Corporate Social Responsibility (CSR) Committee broadly comprises :

- To review the Company's existing CSR Policy and to supervise and monitor the activities undertaken by the Company as specified in CSR Policy and Schedule VII of the Companies Act, 2013.
- To provide guidance on various CSR activities undertaken by the Company.

The composition of the CSR Committee is as follows and the details of meetings attended by the Members are given below:

Name of Members	Category	No. of meetings attended during the Year
Mr. H.A. Mafatlal, Chairman	Executive Chairman (Promoter Group)	3
Mr. C.L.Jain	Independent Director	3
Mr. Vishad P. Mafatlal (up to 19 August 2016)	Non-Executive Director	1
Mr. C.R.Gupte	Managing Director	3
Mr. Vilas R. Gupte (w. e. f. 19 August 2016)	Non-Executive Director	2

During the year 2016-17, three Committee meetings were held on 28 June 2016, 17 November 2016 and 15 February 2017.

The Company has complied with the necessary requirements under the Companies Act, 2013.

**10 Policy on Related Party Transactions**

In terms of Section 188 of the Companies Act, 2013 read with the Clause 49 of the erstwhile Listing Agreement and presently the Regulation 23 of Listing Regulations, the Company had formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

The Policy is intended to ensure that there is proper approval and reporting of transactions between the Company and its related parties. The Policy, after carrying out the necessary modifications in line with the amendments made from time, is placed on the website of the Company viz., <http://www.nocil.com/images/fckeditor/file/Policy-on-Related-Party-Transaction.pdf>

**11. Policy on Board Diversity**

This Policy aims to set out the approach to achieving diversity for the Board of Directors of the Company.

The Company believes that benefits of a professional board that possesses a balance of skills, experience, expertise will enhance the decision making power of the Board which in turn will benefit the stakeholders of the Company.

**12. Vigil Mechanism / Whistle Blower Policy**

The Company has adopted an ethical code of conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the company. The Directors, Employees or any person dealing with the Company can play an important role in pointing out such violations of the code.

Accordingly, this policy has been formulated with a view:

- To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; or Managing Director who is nominated by the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Company's Ethics Policy,
- To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, who notice and report any unethical or improper practices and
- To appropriately communicate the existence of such mechanism, within the organization and to outsiders.

To meet the objective of the Policy a dedicated e-mail Id – [vigilmecanism@nocil.com](mailto:vigilmecanism@nocil.com) has been activated.

The Policy has been posted on the website of the Company viz., [http://www.nocil.com/images/fckeditor/file/NOCIL\\_Vigil\\_Mechanism.pdf](http://www.nocil.com/images/fckeditor/file/NOCIL_Vigil_Mechanism.pdf)

No employee and or other persons has been denied access to the Chairman of the Audit Committee or Managing Director.

### 13. Policy on Subsidiary Companies

In terms of the conditions/requirements of Clause 49 of the erstwhile Listing Agreement, the Company has adopted the policy of subsidiary companies with specific reference to materially listed and unlisted subsidiary companies and the policy to be followed in such eventualities. As a matter of information, as on date, the only wholly owned subsidiary company viz. PIL Chemicals Ltd is not falling under the category of Materially Unlisted Subsidiary Company in terms of the definition under Regulation 24 of the Listing Regulations (Clause 49 of the erstwhile Listing Agreement). The Policy for determining the material subsidiaries is available at <http://www.nocil.com/images/fckeditor/file/Policy-on-Material-Subsidiaries.pdf>.

### 14. Independent Directors' Meeting

During the year under review, the Independent Directors met on 16 March 2017, inter alia to discuss :

- Corporate and Board Meeting Structure
- Promoter/ Top Management structure
- Medium / Long term plans

Except Mr. P. V. Bhide, all the other Independent Directors were present at the meeting.

### 15. Means of communication

Consequent to the Listing Regulations coming into force, the Board takes on record the audited / unaudited yearly / quarterly financial results in the format prescribed under Regulation 33 of the Listing Regulations read with Circular (Ref No. CIR/ CFD / CMD/ 15/2015 dated 30 November 2015) issued by SEBI within prescribed time limit from the closure of the quarter / year and announces the results to all the stock exchanges where the shares of the Company are listed. The yearly / quarterly audited / unaudited financial results are also published in the shortened format as prescribed by SEBI in the above mentioned Circular in the Economic Times and Maharashtra Times and in addition, the Audited Financial Results for the Financial Year ended 31 March 2017 were also published in Business Standard, Financial Express, Loksatta and Sakal within 48 hours of the conclusion of the meeting of the Board in which they are approved.

- I. The quarterly results are submitted to the Statutory Auditors of the Company for a limited review and the report of the Auditors is also filed with all stock exchanges after it is approved by the Board of Directors.
- II. The quarterly results are not sent to each shareholder as shareholders are intimated through press.
- III. The Company's website [www.nocil.com](http://www.nocil.com) provides information about the Company to its existing and prospective stakeholders. The quarterly results are displayed on the Company's website along with other relevant information.

IV. The Company also makes presentations on the Financial Highlights to the Analysts which are hosted on the Company's website viz., [www.nocil.com](http://www.nocil.com)

V. In line with the erstwhile Listing Agreement, the Company has created a separate e-mail address viz. [investorcare@nocil.com](mailto:investorcare@nocil.com) to receive complaints and grievances of the investors.

### 16. Management Discussion and Analysis forms a part of this Annual Report

### 17. Compliance Officer

Mr. V.K. Gupte, Company Secretary is the Compliance Officer of the Company.

### 18. General Meetings

The venue and timings of the last three Annual General Meetings are given below:

Financial year	Date	Location	Time
2013- 14	30 June 2014	Rama Watumull Auditorium, Mumbai	2.30 p.m.
2014-15	23 July 2015	Rama & Sundri Watumull Auditorium, Mumbai	2.30 p.m.
2015-16	27 July 2016	Rama & Sundri Watumull Auditorium, Mumbai	2.30 p.m.

The numbers and particulars of Special Resolutions which were passed in the last Annual General Meetings are as follows:

Date of Annual General Meeting	Numbers and particulars of Special Resolutions passed.
30 June 2014	Payment of commission to Non-Executive Directors.
23 July 2015	a. Re-appointment of Mr. C. R. Gupte as Managing Director effective 1 August 2015 b. Appointment of Mr. S. R. Deo as the Deputy Managing Director effective 1 April 2015
27 July 2016	Keeping and maintaining registers required to be kept and maintained by a Company under Section 88 of the Companies Act, 2013 at the premises of the Company's Registrar and Transfer Agents (RTA) viz., Karvy Computershare Private Limited

No business was required to be transacted through Postal Ballot at the above meetings and none is required to be transacted through postal ballot at the ensuing Annual General Meeting.

### Postal Ballot

During the year, the Company had approached the shareholders in November 2016 through Postal Ballot. Details of the Postal Ballot are as under:

Date of Postal Ballot Notice	19 August 2016
Voting period	21 November 2016 to 20 December 2016
Date of approval	20 December 2016



Date of declaration of Result	22 December 2016					
Name of the Resolution	Type of Resolution	No. of votes polled	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of votes against on votes polled
Appointment and payment of remuneration to Mr. H. A. Mafatlal as the Executive Chairman effective from 19 August 2016 for a period of 5 (five) years	Special	6,47,81,735	6,47,57,427	24,308	99.96	0.04

The Company successfully completed the process of obtaining the approval of its shareholders for Special Resolution on the item as mentioned above through Postal Ballot.

Mr. Makarand Joshi, Partner of M/s. Makarand M. Joshi, Company Secretaries (Membership No. FCS -5533) was appointed as the Scrutiniser for conducting the Postal Ballot and e-voting process in the fair and transparent manner.

#### Procedure for Postal Ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of Karvy Computershare Private Limited, the Company's RTA for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's RTA (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules. Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the Scrutiniser on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The Scrutiniser submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the Company website, [www.nocil.com](http://www.nocil.com) besides being communicated to the stock exchanges, depository and

registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

#### 19. Disclosures

- A. Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large :

The Company does not have any related party transaction, which may have potential conflict with the larger interests of the Company. The disclosures of transactions with the related parties entered into by the Company in the normal course of business are given in the Notes to Accounts.

- B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years:

There were no instances of non-compliance of any matter related to the capital markets during the last three years and the Company has complied with the requirements of regulatory authorities on capital markets.

- C. Details of compliance with mandatory requirements:

All the mandatory requirements of Regulations 17 to 27 of the Listing Regulations have been complied with by the Company.

#### 20. Declaration of compliance with the Code of Conduct / Ethics:

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Conduct for prohibition and prevention of Insider Trading for its designated employees. The code lays down Guidelines and procedures to be followed and disclosures to be made while dealing with equity shares of the company.

All the Directors and Senior Management have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board of Directors.

#### 21. General shareholders' information

- i) **Registered Office** : Mafatlal House,  
H.T. Parekh Marg,  
Backbay Reclamation,  
Mumbai –400 020.
- ii) **Annual General Meeting:**
- Date and time : 27 July 2017 at 2.30 p.m.
- Venue : Rama & Sundri Watumull  
Auditorium K.C. College,  
Vidya Sagar, Principal  
K.M. Kundnani Chowk,  
124, Dinshaw Wacha Road,  
Churchgate,  
Mumbai – 400 020.

**iii) Financial Year of the Company**

The financial year covers the period 1 April to 31 March.

Financial reporting for FY 2017-18 (Indicative):

Quarter ending on June 2017 : 27 July 2017

Half year ending on September 2017 : 23 October 2017

Quarter ending on December 2017 : end of January 2018

Year ending on March 2018 : end of April/May 2018

Annual General Meeting (2017-18) : end of July, 2018

**iv) Date of Book Closure**

Friday, 21 July 2017 to Thursday, 27 July 2017

**v) Dividend Payment Date**

On or after 2 August 2017 ( If declared at forthcoming Annual General Meeting)

**vi) Listing of Equity Shares on Stock Exchanges and Stock Code**

Equity shares of the Company are listed on

1.	Bombay Stock Exchange Limited	(Stock Code: 500730)
2.	National Stock Exchange of India Limited	(Stock Code: NOCIL)

The Company has paid the Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Ltd for FY 2017-18.

**vii) Demat information**

The shares of the Company were brought under compulsory demat mode with effect from 29 May 1999. As on 31 March 2017 about 97.19 % shareholding representing 15,89,78,707 shares of the Company have been converted into demat form. The Company has executed agreements with both NSDL and CDSL for demat of its shares.

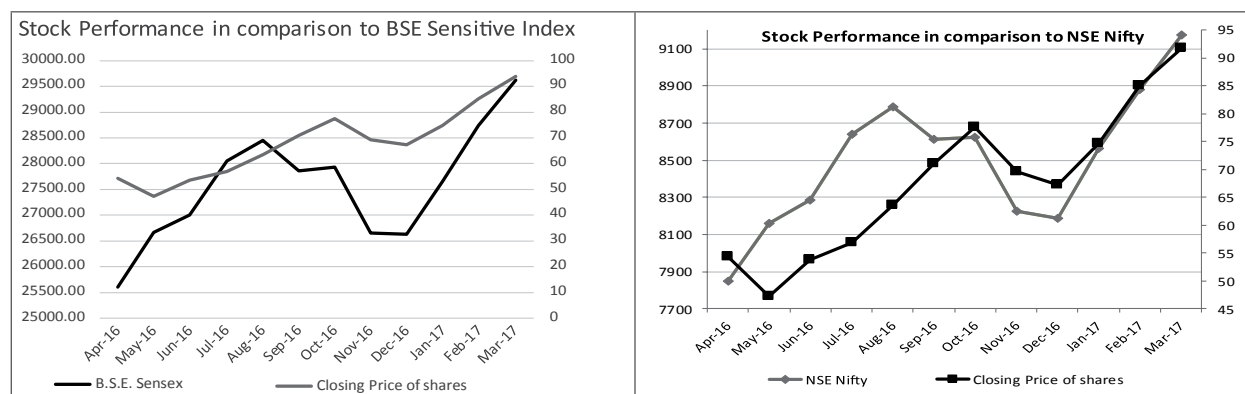
ISIN numbers in NSDL and CDSL for equity shares	INE 163A01018
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**viii) Stock market data**

The monthly high / low quotation of shares traded on Bombay Stock Exchange and National Stock Exchange is as follows:

(Figures in ₹)

Bombay Stock Exchange Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	High	Low	Month	High	Low
April, 2016	56.25	45.35	April, 2016	56.40	45.45
May, 2016	56.40	47.00	May, 2016	56.25	47.00
June, 2016	54.65	47.25	June, 2016	54.75	47.25
July, 2016	62.50	53.85	July, 2016	62.50	53.80
August, 2016	67.50	53.25	August, 2016	67.70	53.10
September 2016	76.30	61.10	September 2016	76.40	61.25
October, 2016	82.35	72.20	October, 2016	82.45	72.65
November, 2016	79.80	60.00	November, 2016	79.90	59.45
December, 2016	72.50	63.00	December, 2016	72.55	62.95
January, 2017	78.20	67.50	January, 2017	78.20	67.45
February, 2017	86.80	73.80	February, 2017	86.85	73.70
March, 2017	95.60	79.90	March, 2017	95.60	79.90

**ix) NOCIL Stock Performance in comparison to BSE Sensitive Index and NSE Nifty**



**x) Registrar and Share Transfer Agents:**

Pursuant to the Order dated 22 March 2016 passed by SEBI, the Company appointed Karvy Computershare Private Limited ('Karvy') effective from 23 May 2016 as the RTA in place of Sharepro Services (India) Private Limited. Karvy, is one of the largest and reputed RTA operating in the Country for the last three decades with a wide network spanning across different states. Karvy, with their very high technology driven process, has been servicing a very large investor base and also have an extensive internal / external audit oversight for their operations.

**xi) Distribution of shareholding as on 31 March 2017**

Sr. no	Category	No. of share-holders	% of Share-holders	No. of shares held	% of share-holding
1	Up to 1 - 5000	99161	82.96	16070552	9.82
2	5001 - 10000	10768	9.01	9107831	5.57
3	10001 - 20000	4639	3.88	7298707	4.46
4	20001 - 30000	1640	1.37	4303515	2.63
5	30001 - 40000	716	0.60	2627632	1.61
6	40001 - 50000	761	0.64	3683037	2.25
7	50001 - 100000	1004	0.84	7719262	4.72
8	100001 & above	845	0.71	112772644	68.94
	<b>Total:</b>	<b>119534</b>	<b>100.00</b>	<b>163583180</b>	<b>100.00</b>

**xii) Shareholding pattern as on 31 March 2017**

Sr No.	Category	No. of shares held	% of shareholding
1	Indian Promoters	60479399	36.97
2	Mutual funds	1562517	0.95
3	Banks, financial institutions, insurance companies, etc.	2162947	1.32
4	NRI's / OCBs / FIIs	9631874	5.89
5	Private corporate bodies	13243165	8.10
6	Indian public	76503278	46.77
	<b>Total</b>	<b>163583180</b>	<b>100.00</b>

**xiii) Outstanding ADRs/GDRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.**

The company has not issued any ADRs/GDRs/Warrants or any Convertible instruments.

**xiv) Foreign Exchange Risk and Hedging activities:**

Risk of exchange rate volatility is mitigated by effecting the imports payments out of the Export Earnings in Foreign Currency. The Company enjoys a natural hedging through the EEFC Account and in case of surplus, the same is adjusted against spot rate / forward rate as may be decided by the Management at the relevant point of time.

**xv) Plant locations**

Navi Mumbai : C-37, Trans Thane Creek Industrial Area  
Off Thane Belapur Road,  
Navi Mumbai - 400 705 - Maharashtra  
Tel. Nos. : 022 – 66730551 – 4

Dahej : Plot No. 12/A/1 and 13/B/1, G.I.D.C.  
Dahej, Village-Ambheta, Tal. Vagra  
Dist. Bharuch - Gujarat  
Tel. Nos.: 02642 – 392130

**xvi) Address for Investor correspondence**

Karvy Computershare Pvt. Ltd.	
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Telephone No. : 040 – 6716 2222 Fax No. : 040 - 2343 1551 Email : <a href="mailto:nocil.ris@karvy.com">nocil.ris@karvy.com</a>	<b>Investors' Relation Centre</b> 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Mumbai, Maharashtra 400023. Telephone No. : 022-66235454

## ANNEXURE TO CORPORATE GOVERNANCE REPORT

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirements of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, this is to confirm that all the members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2017.

Place : Mumbai  
Date : 8 May 2017

C.R. Gupte  
Managing Director

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of NOCIL Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. A\280\1936 dated 08 September 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of NOCIL Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditors' Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that 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 **Deloitte Haskins & Sells LLP**

*Chartered Accountants*

**(Firm's Registration No. 117366W / W-100018)**

**A. B. Jani**

**Partner**

(Membership No. 46488)

Mumbai, Dated: May 8, 2017



## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Review

The Indian Economy, despite the challenges encountered, saw a growth of about 7% for the year under review. Of course, the Indian Industrial Production was lower, at around 2% which was not a great news for the manufacturing sector. Several industries within the manufacturing sector witnessed negative growth. The year also witnessed a relatively lower trade deficit on account of lower crude oil prices for substantial part of the year and, this in turn, resulted in a manageable inflation rate of 5%+ at consumer price index level (CPI). During the year, the government passed two major initiatives i.e. passing of the Constitutional amendment paving the way for implementing the Goods and Services Tax (GST) and a bold action to demonetise the two highest denomination notes. GST is expected to rationalise indirect taxation structure, improve tax compliance and governance and boost long term investment and growth as well as eliminating multiple cascading taxes.

On the international front, the British Exit from the EU and the U.S. Presidential elections did have some volatile effects on the financial sector as well as other economies of the world. The world economy is expected to face challenging times in the coming year in view of major economic and other initiatives expected to be undertaken by certain western economies in the recent past. The trend towards protectionist nationalism of moving away from globalisation to isolation could be a new business dimension in future which may arrest the growth of globalisation.

Despite this, the International Monetary Fund (IMF) estimates that world GDP will grow by 3.50%+ in 2017. Under this context, the Indian economic growth of 7%+ stands out as a bright spot in the world economic landscape. The coming year is expected to witness a growth of 7.50%+ for India. Continued economic reforms, increase in public investment in infrastructure, development projects and lower credit costs (on account of surplus liquidity caused by demonetisation) will ensure that Indian economic growth is not hampered.

On the global front, the year was characterised by underlying weakness more particularly in the domestic consumption of China during the first half of the year. Due to the pick-up in the automobile sector and infrastructure investments in China, the economy picked up during the second half of the year.

Global rubber consumption witnessed a marginal growth of 1.60%. Rubber chemicals, essentially follow the trend of global rubber consumption. The good news on the domestic and International front, is that the Automobile sector has shown reasonably good growth during the year, in most of the segments. This growth in the automobile sector will give positive impetus to the rubber industry and in turn, to the rubber chemicals industry. Even the automobile production/vehicle registration data from China/Western world has shown a positive trend which is good news for our industry.

The outlook for FY 2017-18 for India, continues to be positive. Financial liquidity coupled with relatively subdued crude prices

augur well for the Indian economy. India continues to be and is expected to remain the fastest growing economy of the world.

### Rubber Chemical Industry:

Rubber Chemicals are used by manufacturers who process and convert Natural Rubber and/or Synthetic Rubber into finished products, like Tyres, Hoses, Footwear, Moulded Components for vehicles, Industrial Belts, Gloves, etc.

Of these, the Tyre segment is clearly the single largest consuming segment for Rubber Chemicals. The overall demand for Rubber Chemicals as a group, therefore, is directly linked to Total (Natural + Synthetic) Rubber Consumption, although, individual chemical-wise demand is dependent on particular end-applications.

In the growing Radial Truck Tyre segment, the domestic tyre industry, during the first half, had to face a steep increase in the imports of Chinese Radial truck tyres, which were being dumped into the Indian market at very low prices due to a relatively subdued Chinese domestic demand. On account of the demonetization move initiated by the government in November 2016, imports from China saw a sudden drop and this led to higher production levels of domestic radial truck tyres. Further, improved production/manufacturing activity in the domestic Chinese automobile sector as well as tighter environmental monitoring by the Chinese Government, created supply-side constraints.

The major domestic non-tyre segment, namely the moulded & extruded goods segment, largely depends on the automobile sector. Thus, segment grew in line with the growth in respective OEM segments.

On the global business front, most major markets faced stable conditions, though growth ratios were modest. China saw relatively weaker G.D.P. growth (one of the lowest in the last 20 years), and some significant over-capacities. The situation got corrected due to tightening of environmental regulations for the Chinese manufacturing sector, more particularly for in the chemicals industry. During the second half of FY 2016-17, prices of some major Rubber Chemicals inputs rose to very high levels on account of the surge in the Benzene prices from USD 600 per MT to USD 1000 per MT. This sudden price increase led to our input costs going up by 30% to 80% for certain raw materials. Thankfully, due to our wide range of products and through an optimum mix of inventory management and buying strategy, we could withstand this sudden impact on our costs. Some of the competitors from China, Korea & the European Union, continued their approach of dumping products in the Indian market, at unrealistically low prices in certain products. The CIF prices of some of our finished products had reached such low levels as to completely neutralize some of the Anti-dumping duties levied on them. It only reinforces the need for continued imposition of appropriate Anti-Dumping Duties on these exporters, as was done by the Government of India, during earlier years.

Towards the quarter of January-March 2017, some hardening of finished goods prices was seen due to serious margin pressures faced by our competitors due to higher raw material prices and environmental costs. This has led to some price corrections beginning January 2017 onwards in both domestic and international

markets. This may result in some upward movement in the selling prices of Rubber Chemicals, as financial year 2017-18 unfolds.

### Industry Structure and Developments

The sudden supply constraints from China on account of lower capacity utilisation ratios tightening of supplies, due to environmental pressures have led to some improvement in export volumes for the company. In turn, the company has started participating more actively in certain key accounts thereby, increasing our volume growth.

The broad trend in the Rubber Chemicals Industry, over the last decade has been one of proliferation of producers in China and consequent exit of major erstwhile producers from the developed regions (like Europe, Japan and US). More than 75% of global capacity is now concentrated in China/Korea and shared by a large number of producers. Some of whom are the largest in their selected products. However, there are also many smaller provincial players with an inadequate level of environmental and quality standards. Some more closures / consolidation therefore cannot be ruled out.

It is very likely however, that China with its large capacity and large number of direct and indirect export subsidies supported by currency management, will continue to be the major supplier of Rubber Chemicals to the world. The HSE related improvements and the rising wage costs, may to some extent diminish the price advantage that they could offer and this has obviously led to some price increases in our finished products. However, the possibility of renewed aggression cannot be completely ruled out.

Domestically, some signs of the Auto industry coming out of the last few years of weak demand growth are visible. With mining and coal-related issues being gradually sorted out, vehicle movement and tyre demand should also pick up. Stable input prices and reducing interest rates should help improve demand for new vehicles.

Should these positive signs persist, your company being the largest and well established player in the domestic market, is confident of taking advantage of these developments and achieve significant growth in the coming years.

### Business Outlook: Opportunities & Threats

#### Opportunities:

Outlook for the Indian economy appears healthy with most estimates predicting a G.D.P. growth of 7.5%. Increased economic activity bodes well for transportation, leading to increased movements of commodities like coal, ores, fertilizers, cement etc. as also a host of other industrial consumer and agricultural goods. The above should occasion a boost in growth of the tyre industry in anticipation of which, our customers are investing in substantial expansion of their capacities. Your company expects to benefit due to these expansions.

Given the concentration of Rubber Chemicals capacity in China along with the associated uncertainties, there is some sense

of discomfort amongst international tyre majors, about over-dependence on a single source country. In this context, NOCIL is not only seen as a dependable and quality supplier, but also a player that offers almost a complete range of rubber chemicals. Moreover, NOCIL's strong R&D capabilities are considered a very important strength, by these tyre majors.

By virtue of its long association with most international tyre majors, your company also enjoys a preferred-supplier status with their Indian operations. With increasing presence of these players in the Indian market, NOCIL stands to gain significant leverage as a domestic supplier to these plants as well. There are opportunities for expanding business in certain speciality chemicals and high value chemicals, where some customers are conducting advanced pre-commercial studies. This development augurs well for us. Your company is taking all the necessary steps for meeting these increased requirements.

Increasing automobile production, vehicle registration etc. in certain markets coupled with expansion plans announced by major customers have led to an increasing demand trend for our rubber chemicals. In line with the trend, the Board has given a go ahead to the proposal to expand in the field of rubber chemicals. Expansion will be carried out at both the manufacturing sites with a construction period of about 18 months at an estimated cost of ₹170 Crs.

At the same time, we also continue to be selective in the choice of target customers and markets.

#### Threats:

To negate the impact of Anti-Dumping Duties, our competitors have for long been dumping their products in the Indian market at low prices. The situation got further aggravated by the slowdown in China. If such a situation recurs, the possibility of competitors pursuing an irrational pricing approach cannot be ruled out. This may create pressure on our margins.

Prices of building blocks like Benzene and other petrochemical inputs have gone up towards the end of the financial year. In case competitors decide not to pass on the increase due to weak demand or any other peculiar market situation, this may lead to some erosion of our margins in the interim period.

Sentiment-driven currency changes can also impact domestic prices and profitability. The country is expected to face a below average monsoon for the coming year and if it turns out to be correct, it may lead to fall in the rural demand thereby unfavourably impacting some user segments.

#### Risks & Concerns:

Exchange-rate fluctuations, volatility in Crude Oil and down-stream petrochemicals, political unrest in the Middle-East or the far-east etc. are all concern areas which your company may face from time to time.



The acute water-shortage and drought conditions in different parts of the country currently prevalent, can be a risk both to industrial production as well as overall demand.

### Operating & Financial Performance for the Year

The Company's performance with regard to the domestic sales volumes, improved significantly by more than 12% for the year despite a subdued international growth of 1.60% in rubber consumption for major part of the year. Domestic turnover in value terms however, grew by a modest 4% due to suppressed pricing. On the export business front, there was acute competition from China/Korea/EU. Your company has chosen to export these products only to certain select key accounts, keeping in mind the importance of maintaining a regular presence at these key accounts and also to support capacity utilization at desirable levels. By a combination of a better product mix helped by speciality products and continual improvement in the efficiency of operations at all locations, the Company has managed to keep its operating margins healthy for all the four quarters and has achieved an improvement in the EBITDA levels, for each of these quarters.

In terms of the inter-se promoters' agreement, the company sold part of its investment in Navin Fluorine International Ltd during the year and made an exceptional gain of ₹ 19.70 Crores.

Summary of financial performance of the Company is presented below:

(₹ In crore)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Net Operating Revenues	742.22	715.21
Other Income	9.12	3.05
Total Income	751.34	718.25
EBIDTA	167.32	141.19

During the year under review, the Company achieved a profit before tax of ₹170.47 Crores as compared to ₹118.13 Crores in 2015-16.

### Internal control systems

The Company has in place, adequate internal control systems and procedures covering all the financial and operating functions. These have been designed to provide adequate assurance to the management regarding compliance with the accounting standards by maintenance of appropriate accounting records, monitoring the economy and efficiency of operations, protecting the assets of the Company from losses and ensuring the reliability of financial and operational information through proper compliance with the statutory enactments and its rules and regulations. Some of the significant features of the internal control systems and procedures are as follows:

- Appropriate delegation of authority limits with responsibility for incurring capital and revenue expenditures.
- Approval and monitoring of annual revenue budget for all operating and service functions.

- Procedure for approval of capital budget proposals and monitoring the expenditure on such acquisitions.
- Formulating and reviewing the annual and long-term business plans.
- A comprehensive code of conduct for ensuring the integrity of financial reporting, ethical conduct, regulatory compliances and conflict of interest, if any.
- Review of the operations and financial plans in key business areas through monthly management meetings.
- Appointment of Internal Auditors to conduct periodical internal audits on operations, systems, internal control on financial reporting etc and issue reports to the management and the Audit Committee of the Board, regarding the adequacy and compliance with the internal controls and the efficiency and effectiveness of operations.
- An ERP system (SAP) connecting Plant, Regional Sales Offices and Head Office enables the management to evaluate and take decisions based on real time information systems.
- Task force team to study the impact and challenges to make the transition to Ind AS Accounting standards based financial statements and its recommendations to the board after due consultation from its advisors.
- Task force team to study the impact and challenges to graduate to GST based tax compliance system and its recommendations to the Board after due consultations from its advisors.

The Audit Committee of the Board of Directors, regularly reviews the findings of the internal auditors, adequacy of internal controls, financial controls, compliance with the accounting standards, as well as recommends to the Board, the adoption of the quarterly and annual results of the Company and appointment of auditors. The Audit Committee also reviews the related party transactions, entered into by the Company during each quarter.

### Material developments in human resources

In view of the shortage of skilled human resources prevailing in the country and for a specialised industry like ours, our focus, during the year continued is on enhancing capabilities of our existing workforce. In order to retain skilled talent and promote high employee motivation and confidence level, which would enable the company to face the current challenges and seize future opportunities, various initiatives were taken. Some of the initiatives undertaken were of continual nature. In some cases, employee retention in the form of Service Bond, with a suitable monetary compensation at the end of the tenure of the service, was extended to new recruits with good educational background, across the organisation. Incentives are also offered to young employees in terms of deferred bonus. The system of awards for suggestions is another illustration. Further, in order to encourage and promote

academic achievement of the children of the employees, awards along with appreciation certificates are regularly given year after year.

Regular and detailed performance appraisal system is in place, to evaluate the performance of all the employees and necessary steps are taken to strengthen the areas in which they need improvement. The company undertakes regular training programmes for development of employee skills. To promote and develop upcoming managerial talent, advanced training programmes were extended to select skilled talent, who have displayed high potential to take additional responsibilities in the challenging business environment.

An appropriate compensation & reward system is in place, commensurate with the performance of the employees.

The Company complies with all the regulations pertaining to Safety and continues to have an excellent track record in this area. The main objective is, to achieve zero accident / incident and safe working environment. Regular programmes are therefore held on safety awareness, fire-fighting and first aid, apart from other developmental programmes. Any near miss accidents, are

thoroughly investigated to identify the root cause and appropriate corrective actions are put in place.

The Company has 306 management employees at Thane and Dahej, including trainees, and 150 non-management employees across its locations at the close of the financial year under review. Industrial relations remained cordial during the year.

#### **Cautionary statement**

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, fluctuating forex rates, changes in Government regulations, tax regimes, economic developments within India and the countries in which business is conducted, and other incidental factors.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOCIL LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of NOCIL LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 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;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
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 **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**A. B. Jani**  
Partner  
(Membership No. 46488)

Mumbai, Dated: May 8, 2017

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements of our report of even date')

**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 NOCIL Limited (the Company) as of 31 March 2017 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. 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') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance

with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 2017, 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 Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**A. B. Jani**

Partner

(Membership No. 46488)

Mumbai, Dated: May 8, 2017

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT****Re: NOCIL Limited**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, except for inventories lying with third parties where confirmations of inventories held by such third parties have been received



and no material discrepancies were noticed on physical verification.

- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of making investments as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Therefore, the provisions of clause (v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, in our opinion, the Company has, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as

amended and prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues in arrears, as at 31 March 2017 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited as on 31 March 2017 on account of disputes are given below:

(₹ in Lakhs)

Name of Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act 1956 and various State Sales Tax Acts	Sales Tax	5.65	2001-2002,2004-05	Commissioner Appeal
		29.45	2008-09	Commissioner Appeal
		358.71	1995-1999, 2003-04	Appellate Tribunal
		130.28	2011-2012	Commissioner Appeal
The Central Excise Act 1944	Excise Duty	7.48	1991-1996,1997-1999	Commissioner Appeals
		5.20	1997-99	Commissioner Central Excise
		50.43	1992,1997,2001-02	CESTAT
Chapter V of the Finance Act 1994	Service Tax	123.84	2011-2015	Appellate Tribunal
		72.49	2010-2011,2015	Commissioner Central Excise
		7.28	2013-2014,2014-2015,2016-2017	Commissioner Central Excise
		0.17	2014-2015,2015	Commissioner Central Excise
		15.61	2011-2012	Commissioner Appeals
		16.34	2015-2016	Commissioner Appeals
		0.63	2011-2015	Commissioner Appeals
The Custom Tariff Act 1962	Custom	20.48	2016-2017	Commissioner Appeals
		4.69	2012-2013	Commissioner Appeals
Income Tax Act, 1961	Income Tax	251.81	FY 1989-90,FY 2011-12,FY 2012 -13	Commissioner of Income – Tax Appeals.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with

Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**A. B. Jani**  
Partner

Mumbai, Dated: May 8, 2017

(Membership No. 46488)

**BALANCE SHEET AS AT 31 MARCH 2017**

(₹ in Lakhs)

	Note No.	As at 31 March 2017	As at 31 March 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	16,358.32	16,078.70
(b) Reserves and surplus	3	43,014.93	30,715.00
		59,373.25	46,793.70
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	500.00	1,500.00
(b) Deferred tax liabilities (net)	29	4,930.76	4,616.77
(c) Long-term provisions	5	1,651.51	1,821.21
		7,082.27	7,937.98
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	-	86.70
(b) Trade payables	7		
i) Total outstanding dues of micro and small enterprises		153.72	99.95
ii) Total outstanding dues of creditors other than micro and small enterprises		8,554.16	7,299.58
(c) Other current liabilities	8	2,781.00	3,150.80
(d) Short-term provisions	9	373.06	2,483.18
		11,861.94	13,120.21
<b>Total</b>		<b>78,317.46</b>	<b>67,851.89</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Property, Plant and Equipments	10	28,411.22	28,559.59
(ii) Intangible assets	10	349.52	417.37
(iii) Capital work-in-progress	10	313.52	603.59
		29,074.26	29,580.55
(b) Non-current investments	11	6,715.81	4,730.58
(c) Long-term loans and advances	12	1,764.77	3,068.06
		37,554.84	37,379.19
<b>(2) Current assets</b>			
(a) Inventories	14	11,430.68	13,241.41
(b) Trade receivables	15	16,750.45	15,104.89
(c) Cash and cash equivalents	16	11,345.29	700.55
(d) Short-term loans and advances	13	1,211.51	1,395.85
(e) Other current assets	17	24.69	30.00
		40,762.62	30,472.70
<b>Total</b>		<b>78,317.46</b>	<b>67,851.89</b>
See accompanying notes forming part of the financial statements			

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>I</b> Revenue from operations (Gross)	18	81,827.77	78,860.88
Less: Excise duty		7,606.60	7,340.14
Revenue from operations (net)		74,221.17	71,520.74
<b>II</b> Other Income	19	911.80	304.71
<b>III Total revenue</b>		<b>75,132.97</b>	<b>71,825.45</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	20.a	33,003.43	31,220.86
(b) Purchases of stock-in-trade	20.b	337.86	337.30
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.c	2,617.31	4,392.18
(d) Employee benefits expense	21	6,063.34	5,781.57
(e) Finance costs	22	222.14	933.96
(f) Depreciation and amortisation expense	10	1,431.75	1,372.44
(g) Other expenses	23	16,379.23	15,974.12
<b>Total expenses</b>		<b>60,055.06</b>	<b>60,012.43</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>15,077.91</b>	<b>11,813.02</b>
<b>VI Exceptional item</b>			
- Profit on Sale of Investment	11	1,969.57	-
<b>VII Profit before tax (V + VI)</b>		<b>17,047.48</b>	<b>11,813.02</b>
<b>VIII Tax expense:</b>			
(a) Current tax expense		4,723.61	3,578.88
(b) Excess provision for tax relating to prior years		-	(19.20)
Net current tax expense		4,723.61	3,559.68
(c) Deferred tax		314.00	479.31
Net tax expense		5,037.61	4,038.99
<b>IX Profit for the year (VII-VIII)</b>		<b>12,009.87</b>	<b>7,774.03</b>
<b>X Earnings per Equity Share (of ₹ 10/- each) :</b>	30		
(a) Basic (in ₹)		7.42	4.83
(b) Diluted (in ₹)		7.31	4.78
See accompanying notes forming part of the financial statements			

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

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

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

(₹ in Lakhs)

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	17,047.48	11,813.02
Adjustments for :		
Depreciation	1,431.75	1,372.44
Loss on fixed assets sold / scrapped / written off (net)	66.08	48.63
Income from long-term investments	(200.47)	(122.31)
Profit from redemption of Mutual fund investments	(23.20)	-
Interest on deposits, overdue receivables and others	(514.87)	(46.50)
Excess provision of earlier years written back	(237.88)	(159.31)
Unrealised foreign exchange fluctuation	94.41	(33.13)
Finance costs	222.14	933.96
Profit on sale of Investments (refer note 11)	(1,969.57)	-
Operating profit before working capital changes	15,915.87	13,806.80
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	1,810.73	5,508.95
Trade receivables	(1,645.56)	1,613.94
Short-Term loan and advances and other current assets	184.34	340.66
Long-Term loan and advances	1,090.65	22.27
Trade payables	1,497.27	(1,370.55)
Other current liabilities	(274.69)	(732.51)
Long-Term provisions	(120.74)	489.35
Short-Term provisions	212.11	(112.93)
Earmarked bank account (Unpaid dividend account)	(17.72)	(16.31)
Margin money deposit (net)	(50.00)	-
Cash generated from operations	18,602.26	19,549.67
Taxes paid	(4,538.72)	(3,057.93)
<b>Net cash generated from operating activities</b>	<b>14,063.54</b>	<b>16,491.74</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital expenditure on fixed assets	(1,075.15)	(1,405.14)
Purchase of current investment	(2,000.00)	-
Purchase of non-current investment	(2,209.94)	-
Sale proceeds of fixed assets	6.53	4.70
Sale of current investment	2,023.20	-
Sale of non-current investment	2,194.27	-
Interest received	520.18	39.71
Dividend received	200.47	122.31
<b>Net cash used in investment activities</b>	<b>(340.44)</b>	<b>(1,238.42)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Share Capital (refer note 2 (c) & 3(b))	569.68	-
(Repayments of) long-term borrowings	(1,000.00)	(4,683.33)
(Repayment of) / proceeds from short-term borrowings	(86.70)	(7,460.76)
Finance costs	(230.13)	(1,013.96)
Dividend paid	(1,911.73)	(1,591.56)
Dividend tax paid	(392.79)	(327.32)
<b>Net cash used in financing activities</b>	<b>(3,051.67)</b>	<b>(15,076.93)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,671.43</b>	<b>176.39</b>
Opening balance of cash and cash equivalents	468.70	259.18
Unrealised foreign exchange fluctuation on exchange earners foreign currency (EEFC) account	(94.41)	33.13
Closing balance of cash and cash equivalents	11,045.72	468.70
<b>Reconciliation of cash and cash equivalents with the Balance Sheet</b>		
Closing balance of cash and cash equivalents (As per Note 16)	11,345.29	700.55
Less: Balance in earmarked accounts	299.57	231.85
Cash and cash equivalent considered for Cash Flow	11,045.72	468.70

In terms of our report attached.  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### CORPORATE INFORMATION

NOCIL Limited (the Company) was incorporated on 11 May 1961, and is engaged in manufacture of rubber chemicals. The Company has manufacturing facilities at Navi Mumbai (Maharashtra) and at Dahej (Gujarat). The products manufactured by the Company are used by the tyre industry and other rubber processing industries.

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013.

#### b. Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialize.

#### c. Fixed Assets

##### (i) Property, Plant and Equipments:

Property, Plant and Equipments are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the assets are put to use.

##### (ii) Intangible Assets:

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount on intangible assets is allocated over the best estimate of its useful life on a straight line basis.

#### d. Depreciation and amortisation

- i) Depreciation on Property, Plant and Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

- ii) Leasehold land is amortised on a straight line basis over the period of the lease.
- iii) Intangible assets are amortised over their estimated useful life of 10 years.
- iv) Assets costing ₹5000/- or less are fully depreciated in the year of purchase.

#### e. Impairment of Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on Property, Plant and Equipments by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on 'Impairment of Assets'. An impairment loss is charged to Statement of Profit and Loss in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### f. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### g. Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value.

#### h. Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprise all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the absorption costing method.

Excise Duty related to finished goods is included under changes in inventories of finished products and work-in-progress (Note 20.c).

#### i. Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards.

#### Defined Contribution Plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered

as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined Benefits Plans

Employee Benefits under defined benefit plans, such as compensated absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are determined using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligation recognized in the balance sheet represents the present value of obligation as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

#### **j. Foreign currency transactions and translations**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items outstanding at the balance sheet date are restated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract.

#### **k. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

#### **l. Revenue recognition**

Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax recovered. Excise duty related to sales turnover is presented as a reduction from gross sales.

Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

#### **m. Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred income tax reflect the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets, in case there are unabsorbed depreciation and losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

#### **n. Earnings Per Share**

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

#### **o. Employee Share based payments**

The Company has constituted an Employee Stock Option Plan 2008. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

#### **p. Cash Flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand, balance in current accounts and unencumbered demand deposits with banks.

#### **q. Provisions and contingencies**

A provision is recognised when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any, are disclosed in the notes to the financial statements.


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	₹ in Lakhs	Number of shares	₹ In Lakhs
<b>Note 2: SHARE CAPITAL</b>				
<b>(a) Authorised :</b>				
Equity Shares of the par value of ₹10/- each	1,200,000,000	120,000	1,200,000,000	120,000
<b>(b) Issued and Subscribed :</b>				
Equity Shares of ₹ 10/- each fully paid-up	163,583,180	16,358.32	160,786,980	16,078.70
<b>(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year :</b>				
Equity shares outstanding at the beginning of the year	160,786,980	16,078.70	160,786,980	16,078.70
Equity shares issued during the year (refer note 31)	2,796,200	279.62	-	-
Equity shares outstanding at the end of the year	163,583,180	16,358.32	160,786,980	16,078.70
<b>(d) Rights, preferences and restrictions attached to Equity shares</b>				
The Company has a single class of Equity Shares. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders. In the 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>(e) Shareholders holding more than 5% Equity shares in the Company are set out below:</b>				
<b>Mafatlal Industries Limited</b>				
No. of shares	26,007,919		23,036,469	
% Holding	15.90		14.33	
<b>Arvi Associates Private Limited</b>				
No. of shares	-		10,643,026	
% Holding			6.62	
<b>Suremi Trading Private Limited</b>				
No. of shares	20,369,204		-	
% Holding	12.45		-	
<b>Sushripada Investments Private Limited</b>				
No. of shares	8,960,880		-	
% Holding	5.48		-	
<b>(f) No. of shares reserved for issuance as Employee Stock Options (Refer note 31)</b>	3,450,400		4,169,200	

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Note 3: RESERVES AND SURPLUS</b>		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities premium account		
Opening balance	450.92	450.92
Add: Premium on shares issued during the year	290.06	-
Closing balance	740.98	450.92
(c) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(d) Surplus in Statement of Profit and Loss		
Opening balance	25,384.08	19,932.28
Add: Profit for the year	12,009.87	7,774.03
Less: Appropriations :		
Proposed dividend on Equity Shares (refer note 41)	-	1,929.44
Corporate dividend tax (refer note 41)	-	392.79
Closing balance	37,393.95	25,384.08
<b>TOTAL</b>	<b>43,014.93</b>	<b>30,715.00</b>
<b>Note 4: LONG-TERM BORROWINGS</b>		
Secured term loans from banks (refer note 8 )	500.00	1,500.00
<b>TOTAL</b>	<b>500.00</b>	<b>1,500.00</b>
<b>Details of security</b>		
a) First pari passu charge on all moveable and immoveable fixed assets of the Company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the Company, both present and future.		
<b>Terms of Repayment and maturity with respect to the Balance Sheet date</b>		
Repayable in 20/21 equal quarterly instalments commencing from Financial Year 2013-14		
<b>Note 5: LONG-TERM PROVISIONS</b>		
For employee benefits (refer notes 8 and 9)	1,644.23	1,761.89
For customs duty	7.28	59.32
<b>TOTAL</b>	<b>1,651.51</b>	<b>1,821.21</b>

**Note:**

The Company did not have any long-term contracts including derivative contracts for which any provision was required for foreseeable losses.


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Note 6: SHORT-TERM BORROWINGS (SECURED)</b>		
From Banks:		
Working Capital Loans	-	86.70
<b>TOTAL</b>	<b>-</b>	<b>86.70</b>
<b>Details of Security</b>		
First pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
<b>Terms of Repayment:</b>		
Repayable on demand		
<b>Note 7: TRADE PAYABLES (refer note 37)</b>		
Trade payables:		
a) Payable to Micro and Small enterprises	153.72	99.95
b) Payable to Others		
i) Acceptances	1,702.53	1,453.91
ii) Other than Acceptances	6,851.63	5,845.67
<b>TOTAL</b>	<b>8,707.88</b>	<b>7,399.53</b>
<b>Note 8: OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term loans from banks (refer note 4)	1,000.00	1,000.00
(b) Current liability for employee benefits (refer note 5 and 9)	465.28	606.44
(c) Interest accrued but not due on borrowings	13.48	21.47
(d) Unclaimed dividends	174.57	156.85
(e) Other payables		
(i) Statutory remittances	754.14	891.33
(ii) Trade/security deposits received	159.88	163.38
(iii) Creditors for capital projects	148.08	252.92
(iv) Advances from customers	65.57	58.41
<b>TOTAL</b>	<b>2,781.00</b>	<b>3,150.80</b>
<b>Note 9: SHORT-TERM PROVISIONS</b>		
(a) Provision for employee benefits (refer note 5 and 8)	373.06	160.95
(b) Proposed dividend on Equity Shares (refer note 41)	-	1,929.44
(c) Corporate dividend tax (refer note 41)	-	392.79
<b>TOTAL</b>	<b>373.06</b>	<b>2,483.18</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)****Note 10: FIXED ASSETS**

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization				Net Block
	As at 1 April 2016	Additions	Deductions / Adjustments	As at 31 March 2017	As at 1 April 2016	For the year	Deductions	As at 31 March 2017	As at 31 March 2017
<b>Property, Plant and Equipments</b>									
Leasehold Land	931.65	-	-	931.65	34.65	9.97	-	44.62	887.03
	(931.65)	(-)	(-)	(931.65)	(24.65)	(10.00)	(-)	(34.65)	(897.00)
Buildings									
(a) Own use	8,367.01	56.76	-	8,423.77	1,089.73	233.35	-	1,323.08	7,100.69
	(8,229.11)	(137.90)	(-)	(8,367.01)	(858.82)	(230.91)	(-)	(1,089.73)	(7,277.28)
(b) Given under operating lease	83.57	-	-	83.57	32.24	1.45	-	33.69	49.88
	(83.57)	(-)	(-)	(83.57)	(30.80)	(1.44)	(-)	(32.24)	(51.33)
Plant and Equipment (refer note 2 below)	31,229.74	915.61	623.35	31,522.00	11,284.82	987.75	557.92	11,714.65	19,807.35
	(30,535.92)	(883.83)	(190.01)	(31,229.74)	(10,481.47)	(946.72)	(143.37)	(11,284.82)	(19,944.92)
Furniture and Fixtures	631.64	38.62	-	670.26	537.01	23.57	-	560.58	109.68
	(618.39)	(13.25)	(-)	(631.64)	(520.34)	(16.67)	(-)	(537.01)	(94.63)
Vehicles	194.89	212.50	30.41	376.98	100.11	37.82	23.39	114.54	262.44
	(224.00)	(12.13)	(41.24)	(194.89)	(109.09)	(25.57)	(34.55)	(100.11)	(94.78)
Office Equipment including computers	1,071.71	55.65	1.45	1,125.91	872.06	60.99	1.29	931.76	194.15
	(1,043.30)	(28.41)	(-)	(1,071.71)	(807.00)	(65.06)	(-)	(872.06)	(199.65)
<b>Property, Plant and Equipments Total (A)</b>	<b>42,510.21</b>	<b>1,279.14</b>	<b>655.21</b>	<b>43,134.14</b>	<b>13,950.62</b>	<b>1,354.90</b>	<b>582.60</b>	<b>14,722.92</b>	<b>28,411.22</b>
	<b>(41,665.94)</b>	<b>(1,075.52)</b>	<b>(231.25)</b>	<b>(42,510.21)</b>	<b>(12,832.17)</b>	<b>(1,296.37)</b>	<b>(177.92)</b>	<b>(13,950.62)</b>	<b>(28,559.59)</b>
<b>Intangible Assets</b>									
Software	308.55	9.00	-	317.55	102.44	31.42	-	133.86	183.69
	(304.56)	(3.99)	(-)	(308.55)	(71.81)	(30.63)	(-)	(102.44)	(206.11)
Patents	454.38	-	-	454.38	243.12	45.43	-	288.55	165.83
	(454.38)	(-)	(-)	(454.38)	(197.68)	(45.44)	(-)	(243.12)	(211.26)
<b>Intangibles Total (B)</b>	<b>762.93</b>	<b>9.00</b>	<b>-</b>	<b>771.93</b>	<b>345.56</b>	<b>76.85</b>	<b>-</b>	<b>422.41</b>	<b>349.52</b>
	<b>(758.94)</b>	<b>(3.99)</b>	<b>(-)</b>	<b>(762.93)</b>	<b>(269.49)</b>	<b>(76.07)</b>	<b>(-)</b>	<b>(345.56)</b>	<b>(417.37)</b>
<b>TOTAL (A+B)</b>	<b>43,273.14</b>	<b>1,288.14</b>	<b>655.21</b>	<b>43,906.07</b>	<b>14,296.18</b>	<b>1,431.75</b>	<b>582.60</b>	<b>15,145.33</b>	<b>28,760.74</b>
	<b>(42,424.88)</b>	<b>(1,079.51)</b>	<b>(231.25)</b>	<b>(43,273.14)</b>	<b>(13,101.66)</b>	<b>(1,372.44)</b>	<b>(177.92)</b>	<b>(14,296.18)</b>	<b>(28,976.96)</b>
Capital work-in-progress									313.52
									(603.59)
<b>TOTAL</b>									<b>29,074.26</b>
									<b>(29,580.55)</b>

Note :

- Figures in bracket denotes previous year figures.
- Deductions in Plant and Equipment includes assets written off during the year - Gross block ₹ 623.35 lakhs (previous year ₹190.01 lakhs) Net book value ₹ 65.43 lakhs (previous year ₹ 46.64 lakhs).
- Adjustments under Depreciation and Amortization for the previous year was on account of transitional provisions of Schedule II to the Companies Act, 2013.


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Note 11: NON-CURRENT INVESTMENTS (AT COST)</b>		
<b>LONG-TERM INVESTMENTS :</b>		
<b>a. Trade Investments</b>		
Equity Instruments (Unquoted) :		
Investment in Wholly-owned Subsidiary Company		
8,354,833 Equity Shares of ₹ 10/- each, fully paid-up in PIL Chemicals Limited	2,504.45	2,504.45
<b>b. Other Investments</b>		
(i) Equity Instruments (Quoted)		
1,269,695 Equity Shares of ₹ 10/- each, fully paid-up in Mafatlal Industries Limited (previous year 566,320 shares) (see note (ii) below)	3,099.94	890.00
471,015 Equity Shares of ₹ 10/- each, fully paid-up in Navin Fluorine International Limited (previous year 566,340 shares) (see note (i) below)	1,110.30	1,335.00
5,000 Equity Shares of ₹ 2/- each, fully paid-up in HDFC Bank Limited	0.10	0.10
(ii) Equity Instruments (Unquoted)		
17,101 Equity Shares of ₹ 100/- each, fully paid-up in Mafatlal Engineering Industries Limited (Re. 1)		
1 Equity Share of ₹ 2,000/- fully paid-up in Shree Balaji Sahakari Sakhar Karkhana Limited	0.02	0.02
10,000 Equity Shares of ₹ 10/- each, fully paid-up in The Bharat Co-Operative Bank Limited	1.00	1.00
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates	-	0.01
(Certificate deposited with Government Department)		
<b>TOTAL</b>	<b>6,715.81</b>	<b>4,730.58</b>
(a) Aggregate amount of quoted investments		
Cost / Carrying value	4,210.34	2,225.10
Market value	17,584.54	11,163.68
(b) Aggregate amount of unquoted investments	2,505.47	2,505.48

**Note:**

- (i) Pursuant to an agreement entered into between the core promoters of the Company and some of the promtor companies and approved by the Board of Directors of the Company on 6 August 2016, the Company, during the year has sold part of its invesments (Non-current investment) in Navin Flourine International Limited. The profit on sale of the said investments aggregating to ₹1,969.57 lakhs has been disclosed as 'Exceptional Item'.
- (ii) Pursuant to the agreement mentioned in the note (i), 703,375 Equity shares of Mafatlal Industries Limited were purchased during the year.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)****Note 12: LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)***(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Capital advances	36.19	63.94
(b) Security deposits		
Considered good	406.32	404.46
Considered doubtful	300.00	300.00
	706.32	704.46
Less : Provision	300.00	300.00
	<b>406.32</b>	<b>404.46</b>
(c) Loans and advances to employees	0.03	0.50
(d) Prepaid expenses	53.07	64.68
(e) Advance income-tax [net of provisions ₹10,615.96 lakhs (previous year ₹7,669.91 lakhs) and MAT credit utilised NIL (previous year ₹842.16 lakhs)]	226.66	411.55
(f) Income-tax refund receivable	299.10	1,412.46
(g) Balances with Government authorities :		
(i) CENVAT credit receivable	32.96	32.96
(ii) VAT credit receivable	701.95	677.06
(iii) Service Tax credit receivable	8.49	0.45
<b>TOTAL</b>	<b>1,764.77</b>	<b>3,068.06</b>
<b>Note 13: SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
(a) Loans and advances to employees	2.53	3.33
(b) Prepaid expenses	186.73	183.66
(c) Balances with Government authorities :		
(i) CENVAT credit receivable	172.98	203.63
(ii) VAT credit receivable	5.72	6.56
(iii) Service Tax credit receivable	135.39	97.74
(d) Advance to suppliers and others		
Considered good	314.59	494.79
Considered doubtful	1.49	1.49
	316.08	496.28
Less : Provision	1.49	1.49
	314.59	494.79
(e) Export incentives receivable	393.57	406.14
<b>TOTAL</b>	<b>1,211.51</b>	<b>1,395.85</b>


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Note 14: INVENTORIES</b>		
(At lower of cost and net realisable value)		
Raw materials	3,720.01	2,794.74
Work-in-progress	856.69	602.02
Finished goods (other than trading)	4,235.96	7,834.62
Stock-in-trade (trading)	20.57	28.04
Production consumables and stores and spares	719.82	682.03
	9,553.05	11,941.45
<b>Details of stock-in-transit</b>		
Raw Materials	1,755.57	1,280.96
Finished Goods	122.06	19.00
	1,877.63	1,299.96
<b>TOTAL</b>	<b>11,430.68</b>	<b>13,241.41</b>
<b>Note 15: TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	-	5.14
Unsecured, considered doubtful	18.02	18.02
	18.02	23.16
Less: Provision	18.02	18.02
	-	5.14
Other Trade receivables		
Unsecured, considered good	16,750.45	15,099.75
<b>TOTAL</b>	<b>16,750.45</b>	<b>15,104.89</b>
<b>Note 16: CASH AND CASH EQUIVALENTS</b>		
<b>Cash and Bank Balances</b>		
(a) Cash on hand (refer note 38)	8.73	7.56
(b) Balances with Banks		
(i) in Current accounts	8,856.04	247.24
(ii) in EEFC accounts	1,680.95	213.90
(iii) in Demand deposit accounts	500.00	-
(iv) in Earmarked accounts		
- Unpaid dividend accounts	174.57	156.85
- Balances held as Margin Money	125.00	75.00
	11,345.29	700.55
Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is	11,045.72	468.70
<b>Note 17: Other Current Assets (considered good)</b>		
Interest accrued on deposits	24.69	30.00
<b>TOTAL</b>	<b>24.69</b>	<b>30.00</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**

(₹ in Lakhs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Note 18: REVENUE FROM OPERATIONS</b>		
(i) Sale of products:		
<u>Manufactured goods</u>		
Rubber Chemicals	79,786.50	76,609.92
Others	465.57	981.65
	<b>80,252.07</b>	<b>77,591.57</b>
<u>Traded goods</u>		
Rubber Chemicals	483.82	528.28
	<b>80,735.89</b>	<b>78,119.85</b>
(ii) Other operating revenues:		
Sale of scrap	167.19	147.56
Duty drawback and other export incentives	651.86	495.56
Cash discount received	12.73	8.83
Excess provision for earlier years written back	197.23	80.40
Refund of Electricity Duty	8.63	0.71
Miscellaneous income	54.24	7.97
	<b>1,091.88</b>	<b>741.03</b>
<b>Total</b>	<b>81,827.77</b>	<b>78,860.88</b>
<b>Note 19: OTHER INCOME</b>		
(a) Interest income (see note below)	514.87	46.50
(b) Dividend income:		
From long-term investments	167.05	122.31
From others - Subsidiaries	33.42	-
(c) Gain on sale of current investments	23.20	-
(d) Excess provision for expenses of earlier years written back	40.65	78.91
(e) Exchange difference on foreign currency transactions and translations (net)	79.12	-
(f) Other non-operating income (rental income)	53.49	56.99
<b>TOTAL</b>	<b>911.80</b>	<b>304.71</b>
<b>Note</b>		
Interest income comprises:		
Interest from banks on deposits	328.36	11.56
Interest on loans and advances	18.48	24.62
Interest on income-tax refund	165.70	-
Interest on VAT refund	2.33	10.32
<b>TOTAL</b>	<b>514.87</b>	<b>46.50</b>


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Note 20.a: COST OF MATERIALS CONSUMED</b>		
Opening stock	4,075.70	4,627.44
Add: Purchases	34,403.31	30,669.12
	38,479.01	35,296.56
Less: Closing stock	5,475.58	4,075.70
<b>Cost of materials consumed</b>	<b>33,003.43</b>	<b>31,220.86</b>
Materials consumed comprise:		
Chlorinated aromatics and amines	13,096.42	12,411.16
Solvents	6,176.38	5,871.06
Chemicals	11,720.14	10,760.50
Others	2,010.49	2,178.14
<b>TOTAL</b>	<b>33,003.43</b>	<b>31,220.86</b>
<b>Note 20.b: PURCHASES OF STOCK-IN-TRADE</b>		
Rubber Chemicals	337.86	337.30
<b>TOTAL</b>	<b>337.86</b>	<b>337.30</b>
<b>Note 20.c: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	4,358.02	7,853.62
Work-in-progress	856.69	602.02
Stock-in-trade	20.57	28.04
	<b>5,235.28</b>	<b>8,483.68</b>
<u>Inventories at the beginning of the year:</u>		
Finished goods	7,853.62	12,024.75
Work-in-progress	602.02	1,228.58
Stock-in-trade	28.04	41.44
	<b>8,483.68</b>	<b>13,294.77</b>
Decrease in excise duty on closing stock of finished products	(631.09)	(418.91)
<b>Net Decrease</b>	<b>2,617.31</b>	<b>4,392.18</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**

(₹ in Lakhs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Note 21: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	4,810.32	4,457.47
Contributions to provident and other funds (refer note 32)	730.17	837.58
Staff welfare expenses	522.85	486.52
<b>TOTAL</b>	<b>6,063.34</b>	<b>5,781.57</b>
<b>Note 22: Finance costs</b>		
Interest expense:		
(i) Borrowings from banks	196.73	895.60
(ii) Others		
- Interest on security deposits and others	25.41	38.36
<b>TOTAL</b>	<b>222.14</b>	<b>933.96</b>
<b>Note 23: OTHER EXPENSES</b>		
Power, fuel and Other Utilities	4,706.07	5,007.96
Processing Charges	2,909.34	2,805.55
Selling Expenses	2,469.40	2,314.31
Consumption of packing materials	1,238.48	1,119.48
Consumption of stores and spare parts	725.59	771.85
Rent including lease rentals	280.30	290.09
Repairs and maintenance - Machinery	747.03	688.70
Repairs and maintenance - Buildings	125.17	137.15
Insurance	86.57	90.70
Rates and taxes	187.01	199.63
Payments to auditors (Refer Note below)	42.14	40.66
Loss on fixed assets sold / scrapped / written off (net)	66.08	48.63
Exchange difference on foreign currency transactions and translations (net)	-	25.61
Expenditure on CSR activities / Donations	174.87	107.52
Miscellaneous expenses	2,621.18	2,326.28
<b>TOTAL</b>	<b>16,379.23</b>	<b>15,974.12</b>
<b>Note:</b>		
Payments to the auditors comprise (net of service tax):		
For statutory audit	26.00	26.00
For tax audit	4.00	4.00
For certification work	4.55	0.25
For others	7.00	10.00
For reimbursement of expenses	0.59	0.41
<b>TOTAL</b>	<b>42.14</b>	<b>40.66</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

### 24 Contingent liability in respect of:

(₹ in Lakhs)

	2016 - 17	2015 - 16
(a) Claims against the Company not acknowledged as debts	42.48	42.48
(b) Central excise duty and Customs duty demands disputed	324.64	265.55
(c) Income-tax demands disputed	251.81	251.81
(d) Sales tax demands disputed	524.09	393.81
Note: The Company has contested / filed appeals in respect of the aforesaid disputed matters before the authorities. The management is hopeful that matters will be decided in favour of the Company.		

- 25 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)
- |  | 2016 - 17 | 2015 - 16 |
|--|-----------|-----------|
|  | 215.28    | 117.76    |
26. The Company is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of Accounting Standard 17 on 'Segment Reporting', constitutes a single reportable segment.
27. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns etc.). These lease arrangements are ranging between 11 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rentals expense and income is ₹280.30 Lakhs (previous year ₹290.09 Lakhs) and ₹53.49 Lakhs (previous year ₹56.99 Lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows:

(₹ in Lakhs)

Particulars	2016 - 17	2015 - 16
Payable not later than one year	-	10.61
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-

### 28. Related Parties

#### (A) Name of related parties and description of relationship

##### (i) Subsidiary Company:

PIL Chemicals Limited (PIL)

##### (ii) Enterprises over which Directors and Relatives of such personnel exercise significant influence:

Navin Fluorine International Limited (Till 19 August 2016)

Mafatlal Industries Limited

Shri Sadguru Seva Sangh Trust

Sri Chaitanya Seva Trust

### (iii) Key Management Personnel:

Mr. H. A. Mafatlal (from 19 August 2016)

Mr. C. R. Gupte

Mr. S. R. Deo

### (B) Transactions and amounts outstanding with related parties

(₹ in Lakhs)

Nature of Transactions	2016 - 17	2015 - 16
Purchase of Materials / Services:		
- Navin Fluorine International Limited	0.81	4.02
- PIL Chemicals Limited	1,184.05	1087.00
Purchase/ (Sale) of Investments		
- Mafatlal Industries Limited	2,210.00	-
- Navin Fluorine International Limited	(2,194.00)	-
Reimbursement of Expenses :		
- Mafatlal Industries Limited	14.03	17.18
Remuneration Paid:		
Key Management Personnel		
- Mr. H.A. Mafatlal	256.49	-
- Mr. C. R. Gupte	306.05	242.87
- Mr. S. R. Deo	195.31	167.54
Rent Paid to:		
- Navin Fluorine International Limited	62.40	156.78
Expenditure on CSR activities		
- Shri Sadguru Seva Sangh Trust	40.00	41.50
- Sri Chaitanya Seva Trust	40.00	38.50
Dividend received from		
- PIL Chemicals Limited	33.42	-
- Mafatlal Industries Limited	16.99	16.99
- Navin Fluorine International Limited	62.30	104.77
Dividend paid to		
- Mafatlal Industries Limited	276.44	230.36
- Navin Fluorine International Limited	82.20	68.50
Trade Creditors Payable:		
- PIL Chemicals Limited	42.53	169.13
- Mafatlal Industries Limited	2.89	2.50
Other Current Asset:		
- Navin Fluorine International Limited	1.49	1.49

Related parties have been identified by the management and relied upon by the Auditors

### 29. Deferred tax

The components of Deferred tax liabilities/(assets) are as under:

(₹ in Lakhs)

	2016 - 17	2015 - 16
Depreciation	4,478.49	4,117.41
Provision for doubtful debts and advances	(110.58)	(110.58)
Provision for employee benefits	(683.95)	(613.20)
Sales Tax set off	1,260.89	1,251.30
Others	(14.09)	(28.16)
Net deferred tax liability	4,930.76	4,616.77

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)****30. Earnings per share (EPS):**

	2016 - 17	2015 - 16
Profit attributable to Equity shareholders (₹ in Lakhs)	<b>12,009.87</b>	7,774.03
Weighted average number of Equity shares for Basic EPS	<b>161,832,035</b>	160,786,980
Add: Dilutive impact of Employee Stock Option granted and outstanding as at year-end	<b>2,453,772</b>	1,966,777
Weighted average number of Equity shares for Diluted EPS	<b>164,285,807</b>	162,753,757
Nominal value of Equity share (₹)	<b>10.00</b>	10.00
Earnings per share (₹) – Basic	<b>7.42</b>	4.83
Earnings per share (₹) – Diluted	<b>7.31</b>	4.78

**31. ESOP scheme**

The details of the Employee Stock Options are as follows:

Particulars	2016-17	2016-17	2015-16	2011-12	2010-11	2009-10	2007-08
	Grant 7	Grant 6	Grant 5	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	16/03/17	05/05/16	01/04/15	01/04/11	25/05/10	09/06/09	27/08/07
Contractual life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Outstanding as at 01- 04-16	-	-	1,373,000	973,000	973,000	425,100	425,100
Granted during the year	1,160,200	917,200	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	-	-	-	973,000	973,000	425,100	425,100
Outstanding as at 31- 03-17	1,160,200	917,200	1,373,000	-	-	-	-
Vesting Schedule (from the date of grant)							
First Year	25%	25%	25%	25%	25%	25%	25%
Second Year	25%	25%	25%	25%	25%	25%	25%
Third Year	25%	25%	25%	25%	25%	25%	25%
Fourth Year	25%	25%	25%	25%	25%	25%	25%
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity

Had fair value method been used, the compensation cost would have been higher by ₹151.60 Lakhs (previous year ₹116.36 Lakhs), profit after tax would have been lower by ₹106.62 lakhs (previous year ₹75.99 Lakhs) and EPS – Basic would have been ₹7.26 (lower by ₹0.07) (previous year ₹4.79 per share (lower by ₹ 0.04) and Diluted would have been ₹7.22 (lower by ₹0.07) (previous year ₹4.74 per share (lower by ₹0.04)).

**32. Employment and Retirement Benefits**

(₹ in Lakhs)

	2016 - 17	2015 - 16
<b>1 Post-Employment benefits</b>		
a) Defined contribution plans		
i) Company's contribution to Provident Fund	<b>202.89</b>	181.60
ii) Company's contribution to Superannuation Fund	<b>62.00</b>	49.53
b) Defined benefit scheme		
Gratuity		
<b>Funded:</b>		
a) Liability recognized in Balance Sheet		
<b>1. Change in Benefit Obligation</b>		
Present Value of Obligations		
As at 1 April	<b>1,805.85</b>	1,410.70
Service Cost	<b>60.64</b>	47.63
Interest Cost	<b>141.77</b>	112.71
Actuarial Loss on Obligations	<b>141.37</b>	289.44
Benefits paid	<b>(140.25)</b>	(54.63)
As at 31 March	<b>2009.38</b>	1,805.85
Less: Fair Value of Plan Assets		
As at 1 April	<b>1,468.59</b>	1,200.40
Expected Return on Plan assets less loss on investment	<b>115.28</b>	95.91
Contribution	<b>337.26</b>	210.30
Benefits paid	<b>(140.25)</b>	(54.63)
Actuarial Gain on Plan Assets	<b>13.50</b>	16.61
As at 31 March	<b>1794.38</b>	1,468.59
<b>Net</b>	<b>215.00</b>	337.26
<b>Unfunded:</b>		
Present Value of Obligations		
As at 1 April	<b>842.66</b>	684.46
Service Cost	<b>28.30</b>	23.11
Interest Cost	<b>66.15</b>	54.69
Actuarial Loss/(Gain) on Obligations	<b>(0.08)</b>	117.39
Benefits paid	<b>(91.21)</b>	(36.99)
As at 31 March	<b>845.82</b>	842.66
<b>Net Liability</b>	<b>1060.82</b>	1,179.92
b) Expense during the year		
Service Cost	<b>88.94</b>	70.74
Interest Cost	<b>207.92</b>	167.40
Expected Return on Plan assets	<b>(115.28)</b>	(95.91)
Actuarial Loss on Obligations (Net)	<b>127.79</b>	390.21
<b>TOTAL</b>	<b>309.37</b>	532.44
c) Principal actuarial assumptions		
Rate of Discounting	<b>7.12%</b>	7.85%
Rate of Return on Plan Assets	<b>7.12%</b>	7.85%
Rate of increase in salaries	<b>6.00%</b>	6.00%
Rate of Attrition	<b>6.00%</b>	6.00%
	<b>31.03.2017</b>	31.03.2016
<b>2 Breakup of Plan Assets:</b>		
i) Government Bonds	<b>697.00</b>	440.25
ii) Corporate Bonds	<b>275.15</b>	110.32
iii) Debt Instruments	<b>120.85</b>	120.85
iv) Special Deposit Scheme	<b>8.71</b>	8.71
v) Others	<b>692.67</b>	788.46
	<b>1,794.38</b>	1,468.59

The Company expects to contribute ₹215.00 lakhs (previous year ₹337.26 Lakhs) to its Gratuity plan for the next year.



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

In assessing the Company's Post Retirement Liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the Indian Assured Lives Mortality (2006-08) ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of the future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

Other Disclosures:

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	2855.20	2,648.51	2,095.17	1,748.20	1,812.55
Plan asset	1794.38	1,468.59	1,200.40	1,039.21	1,065.45
Deficit	1060.82	1,179.92	894.77	708.99	747.10
Experience adjustment on liabilities – loss	141.30	149.43	92.51	145.17	38.18
Experience adjustment on plan assets – (gain)/loss	(13.50)	(16.61)	(0.02)	8.41	14.62

### 35. Value of Raw materials and stores and spares consumed:

(₹ in Lakhs)

	2016 – 2017				2015 - 2016			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of total consumption	Value	% of total consumption	Value	% of total consumption	Value	% of total consumption
(a) Raw materials	16,979.75	51.4	16,023.68	48.6	15,638.78	50.1	15,582.08	49.9
(b) Stores and spares	52.30	7.2	673.30	92.8	42.54	5.5	729.31	94.5

### 36. Earning in foreign exchange:

(₹ in Lakhs)

	2016 - 17	2015 - 16
F.O.B. value of goods exported	21,750.68	19,883.87

37. The amounts due to Micro and Small Enterprises as defined in the 'The Micro, Small and 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 has been relied upon by the auditors. The disclosures relating to Micro and Small Enterprises as at the year-end are as follows:

(₹ in Lakhs)

Description	2016 - 17	2015 - 16
Principal amount outstanding as at the end of the year	153.72	99.95
Interest due thereon remaining unpaid as at the end of the year	-	-
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid as at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

### 33. Value of Imports on CIF basis in respect of :

(₹ in Lakhs)

	2016 - 17	2015 - 16
(i) Raw Materials	10,825.81	11,232.21
(ii) Stores and spares	34.73	11.06
(iii) Capital goods	48.09	121.61
<b>TOTAL</b>	<b>10,908.63</b>	<b>11,364.88</b>

### 34. Expenditure in Foreign Currency on account of:

(₹ in Lakhs)

	2016 - 17	2015 - 16
(i) Professional and technical fees	-	1.75
(ii) Commission on sales	157.46	151.30
(iii) Others	43.28	51.00
<b>TOTAL</b>	<b>200.74</b>	<b>204.05</b>

### 38. Details of specified bank notes (SBNs)

The details of holding and dealing in SBNs by the company during the period from 8 November 2016 to 30 December 2016 are as follows

(₹ in Lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2.12	3.45	5.57
(+) Permitted receipts	-	19.42	19.42
(-) Permitted payments	-	15.21	15.21
(-) Amount deposited in Banks	2.12	-	2.12
Closing cash in hand as on December 30, 2016	-	7.66	7.66

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)****39. Derivative Instruments and Foreign Currency Exposure**

- (a) The Company has entered into forward exchange contracts for hedge purposes, not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees available at the settlement date of certain receivables. The following are the outstanding forward exchange contracts entered into by the Company:

(Figures in Lakhs)

Particulars	2016 - 2017		2015 - 2016	
	Indian Rupees	Foreign currency	Indian Rupees	Foreign currency
Forward contracts	<b>2,690.52</b>	<b>USD 40.00</b>	859.95	USD 13.00

- (b) The year-end foreign currency exposures that have not been hedged are as follows:

(Figures in Lakhs)

	2016 - 2017		2015 - 2016	
	Indian Rupees	Foreign currency	Indian Rupees	Foreign currency
<b>Unhedged</b>				
Creditors for Goods	<b>2,316.28</b>	<b>USD 35.77</b> <b>EURO NIL</b>	2,087.09	USD 28.31 EURO 2.85
Debtors	<b>1,129.08</b>	<b>USD 15.82</b> <b>EURO 1.52</b>	2,540.79	USD 35.46 EURO 2.61
Creditors for expenses	<b>85.07</b>	<b>USD 1.27</b> <b>EURO 0.04</b>	76.12	USD 1.09 EURO 0.05
Advance from Customers	<b>24.29</b>	<b>USD 0.38</b>	6.25	USD 0.09

**40. Details of expenditure and income on inhouse approved Research and Development (R&D) facility**

Particulars (as identified and bifurcated by the management of the company)

(₹ in Lakhs)

	2016 -17	2015 -16
(i) Capital expenditures		
(a) Capital equipments	<b>21.68</b>	164.25
(ii) Revenue expenditures		
(a) Salary Wages	<b>333.80</b>	153.91
(b) Travelling & Conveyance expenses	<b>12.76</b>	26.61
(c) Repairs and Maintenance	<b>20.02</b>	18.85
(d) Communication expenses	<b>0.63</b>	1.38
(e) Materials and consumables	<b>28.86</b>	31.22
(f) Housekeeping	<b>1.87</b>	1.29
(g) Others	<b>36.77</b>	26.72
(h) Depreciation	<b>25.85</b>	23.56
Total revenue expenditure	<b>460.56</b>	283.54
(iii) Total R & D expenditure	<b>482.24</b>	447.79
(iv) Amount received by R & D facilities	-	-
(v) Net amount of R & D expenditure	<b>482.24</b>	447.79

Capital expenditure is not on incurrence basis thus does not include net addition in capital work in progress

41. The Board of Directors at it's meeting held on 8 May 2017 have recommended a dividend of ₹1.80 (Previous year ₹1.20) per equity share of ₹10 each, subject to approval by the shareholders at the ensuing Annual General Meeting.

42. Details of Loans given, Investment made and Guarantee given covered under section 186(4) of the Companies Act, 2013:

- (i) The Company has not given any loans or guarantees.  
(ii) Investments made by the Company as at 31 March 2017 (Refer note no. 11)

43. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

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

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOCIL LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NOCIL LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements / financial information of the branches, jointly controlled operations, subsidiaries, associates and jointly controlled entities referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2017, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 3,053.21 lakhs as at 31st March, 2017, total revenues of ₹ Nil and net cash inflows amounting to ₹ 14.64 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditors and other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group company is disqualified as on 31st March, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company and its subsidiary 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 Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 24 to the Consolidated Financial statements;
  - ii. The Group did not have any material foreseeable losses 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 Holding Company and its subsidiary company.
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O.

3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us / other auditors by the Management of the respective Group entities.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**A. B. Jani**

Partner

(Membership No. 46488)

Mumbai, Dated: May 8, 2017

#### **ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

#### **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')**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of NOCIL Limited (hereinafter referred to as the Holding Company) and its subsidiary company as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company are 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. 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 the respective 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') issued by the Institute of Chartered Accountants



of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 and the audit evidence obtained by the other auditors of the subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, 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 March 31 2017, 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.

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company is based on the corresponding reports of the auditors of such company.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**A. B. Jani**

Partner

(Membership No. 46488)

Mumbai, Dated: May 8, 2017

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017**

(₹ in Lakhs)

	Note No.	As at 31 March 2017	As at 31 March 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	16,358.32	16,078.70
(b) Reserves and surplus	3	43,246.93	30,914.10
		59,605.25	46,992.80
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	500.00	1,500.00
(b) Deferred tax liabilities (net)	29	5,149.55	4,798.40
(c) Long-term provisions	5	1,698.36	1,861.59
		7,347.91	8,159.99
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	-	86.70
(b) Trade payables	7		
i) Total outstanding dues of micro and small enterprises		154.89	129.61
ii) Total outstanding dues of creditors other than micro and small enterprises		8,570.40	7,164.67
(c) Other current liabilities	8	2,810.01	3,153.83
(d) Short-term provisions	9	377.75	2,494.17
		11,913.05	13,028.98
<b>Total</b>		<b>78,866.21</b>	<b>68,181.77</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Property, Plant and Equipments	10	30,118.98	30,239.02
(ii) Intangible assets	10	352.63	420.88
(iii) Capital work-in-progress	10	446.89	607.65
		30,918.50	31,267.55
(b) Non-current investments	11	4,228.07	2,242.84
(c) Long-term loans and advances	12	1,986.72	3,287.99
		37,133.29	36,798.38
<b>(2) Current assets</b>			
(a) Inventories	14	11,457.85	13,263.49
(b) Trade receivables	15	16,750.45	15,104.89
(c) Cash and cash equivalents	16	12,197.00	1,537.60
(d) Short-term loans and advances	13	1,276.16	1,418.06
(e) Other current assets	17	51.46	59.35
		41,732.92	31,383.39
<b>Total</b>		<b>78,866.21</b>	<b>68,181.77</b>
See accompanying notes forming part of the financial statements			

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>I Revenue from operations (Gross)</b>	18	81,827.77	78,860.88
Less: Excise duty		7,606.60	7,340.14
Revenue from operations (net)		74,221.17	71,520.74
<b>II Other Income</b>	19	950.16	353.42
<b>III Total revenue</b>		<b>75,171.33</b>	<b>71,874.16</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	20.a	33,003.43	31,220.86
(b) Purchases of stock-in-trade	20.b	337.86	337.30
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.c	2,617.31	4,392.18
(d) Employee benefits expense	21	6,395.11	6,076.63
(e) Finance costs	22	222.14	933.96
(f) Depreciation and amortisation expense	10	1,524.64	1,462.86
(g) Other expenses	23	15,922.68	15,556.46
<b>Total expenses</b>		<b>60,023.17</b>	<b>59,980.25</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		15,148.16	11,893.91
<b>VI Exceptional item</b>			
- Profit on Sale of Investment	11	1,969.57	-
<b>VII Profit before tax (V+VI)</b>		<b>17,117.73</b>	<b>11,893.91</b>
<b>VIII Tax expense:</b>			
(a) Current tax expense		4,743.50	3,594.03
(b) (Less): MAT credit		(19.72)	(15.15)
(c) Excess provision for tax relating to prior years		-	(19.20)
Net current tax expense		4,723.78	3,559.68
(d) Deferred tax		351.18	508.03
Net tax expense		5,074.96	4,067.71
<b>IX Profit for the year (VII-VIII)</b>		<b>12,042.77</b>	<b>7,826.20</b>
<b>X Earnings per Equity Share (of ₹ 10/- each) :</b>	30		
(a) Basic (in ₹)		7.44	4.87
(b) Diluted (in ₹)		7.33	4.81
See accompanying notes forming part of the financial statements			

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

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

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**A. B. Jani**  
Partner

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

(₹ in Lakhs)

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	17,117.73	11,893.91
Adjustments for :		
Depreciation	1,524.64	1,462.86
Loss on fixed assets sold / scrapped / written off (net)	66.08	48.63
Income from long-term investments	(167.37)	(123.77)
Gain on sale of current investments	(23.20)	-
Interest on deposits, overdue receivables and others	(585.83)	(90.58)
Excess provision of earlier years written back	(238.38)	(159.74)
Unrealised foreign exchange fluctuation	94.41	(33.13)
Finance costs	222.14	933.96
Profit on sale of Investments (refer note 11)	(1,969.57)	-
	<b>(1,077.08)</b>	<b>2,038.23</b>
<b>Operating profit before working capital changes</b>	<b>16,040.65</b>	<b>13,932.14</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	1,805.64	5,509.58
Trade receivables	(1,645.56)	1,613.94
Short-Term loan and advances and other current assets	180.90	333.10
Long-Term loan and advances	1,124.27	19.79
Trade payables	1,620.43	(933.17)
Other current liabilities	(275.42)	(731.86)
Long-Term provisions	(114.26)	506.40
Short-Term provisions	212.65	(110.45)
Earmarked bank account (Unpaid dividend account)	(17.72)	(16.31)
Margin Money deposit (net)	(50.00)	-
	<b>2,840.93</b>	<b>6,191.02</b>
Cash generated from operations	<b>18,881.58</b>	<b>20,123.16</b>
Taxes paid	(4,574.52)	(3,085.70)
<b>Net cash generated from operating activities</b>	<b>14,307.06</b>	<b>17,037.46</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital expenditure on fixed assets	(1,339.92)	(1,416.45)
Purchase of current investment	(2,000.00)	-
Purchase of non-current investment	(2,209.94)	-
Sale proceeds of fixed assets	6.53	4.69
Sale of current investment	2,023.21	-
Sale of non-current investment	2,194.27	-
Interest received	596.02	60.84
Dividend received	167.37	123.77
<b>Net cash used in investment activities</b>	<b>(562.46)</b>	<b>(1,227.15)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Share Capital (refer note 2 (c) & 3 (b))	569.68	-
Repayments of long-term borrowings	(1,000.00)	(4,683.33)
Repayment of short-term borrowings	(86.70)	(7,460.77)
Finance costs	(230.13)	(1,013.96)
Dividend paid	(1,911.73)	(1,591.56)
Dividend tax paid	(399.63)	(327.32)
<b>Net cash used in financing activities</b>	<b>(3,058.51)</b>	<b>(15,076.94)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,686.09</b>	<b>733.37</b>
Opening balance of cash and cash equivalents	1,305.75	539.25
Unrealised foreign exchange fluctuation on exchange earners foreign currency (EEFC) account	(94.41)	33.13
<b>Closing balance of cash and cash equivalents</b>	<b>11,897.43</b>	<b>1,305.75</b>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet</b>		
Closing balance of cash and cash equivalents (As per Note 16)	12,197.00	1,537.60
Less: Balance in earmarked accounts	299.57	231.85
<b>Cash and cash equivalent considered for Cash Flow</b>	<b>11,897.43</b>	<b>1,305.75</b>

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**For and on behalf of the Board of Directors****Hrishikesh A. Mafatlal**  
Chairman**C.R. Gupte**  
Managing Director**C.L. Jain**  
Director & Chairman- Audit Committee**A. B. Jani**  
Partner**S.R. Deo**  
Deputy Managing Director**P. Srinivasan**  
Chief Financial Officer**V. K. Gupte**  
Company SecretaryPlace : Mumbai,  
Dated : 8 May 2017



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### CORPORATE INFORMATION

NOCIL Limited (the Company) was incorporated on 11 May 1961, and is engaged in manufacture of rubber chemicals. The Company has manufacturing facilities at Navi Mumbai (Maharashtra) and at Dahej (Gujarat). The products manufactured by the Company are used by the tyre industry and other rubber processing industries.

The following wholly owned subsidiary company is included in the Consolidation:

Name of the Company	Country of incorporation	Nature of business
PIL Chemicals Limited	India	Processing of rubber chemical products

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of preparation of financial statements

The consolidated financial statements of the Company and its subsidiary (together the "Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013.

#### b. Principles of Consolidation

The subsidiary company is consolidated on a line-by-line basis in accordance with Accounting Standard 21 on "Consolidated Financial Statements". Inter-company transactions and balances are eliminated on consolidation.

For the purpose of consolidation, the financial statements of the Subsidiary company are drawn up to 31 March 2017.

#### c. Uniform Accounting Policies

The Consolidated Financial Statements of the Company and its subsidiary company have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### d. Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialize.

#### e. Fixed Assets

##### (i) Property, Plant and Equipments:

Property, Plant and Equipments are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to

specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the assets are put to use.

##### (ii) Intangible Assets:

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount on intangible assets is allocated over the best estimate of its useful life on a straight line basis.

#### f. Depreciation and amortisation

- Depreciation on tangible Property, Plant and Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- Leasehold land is amortised on a straight line basis over the period of the lease.
- Intangible assets are amortised over their estimated useful life of 10 years.
- Assets costing ₹ 5000/- or less are fully depreciated in the year of purchase.

#### g. Impairment of Assets

At the end of each year, the Group determines whether a provision should be made for impairment loss on Property, Plant and Equipments by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on 'Impairment of Assets'. An impairment loss is charged to Statement of Profit and Loss in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### h. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### i. Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value.

#### j. Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprise all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading

and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the absorption costing method.

Excise Duty related to finished goods is included under changes in inventories of finished products and work-in-progress (Note 20.c).

**k. Employee Benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards.

Defined Contribution Plans

The Group's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefits Plans

Employee Benefits under defined benefit plans, such as compensation absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are determined using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligation recognized in the balance sheet represents the present value of obligation as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

**l. Foreign currency transactions and translations**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items outstanding at the balance sheet date are restated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract.

**m. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**n. Revenue recognition**

Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax recovered. Excise duty related to sales turnover is presented as a reduction from gross sales.

Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

**o. Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

Deferred income tax reflect the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets, in case there are unabsorbed depreciation and losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

**p. Earnings Per Share**

The Group reports Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**q. Employee Share based payments**

The Company has constituted an Employee Stock Option Plan 2008. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

**r. Cash Flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Group. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand, balance in current accounts and unencumbered demand deposits with banks.

**s. Provisions and contingencies**

A provision is recognised when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any, are disclosed in the notes to the financial statements.


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	(₹ in Lakhs)	Number of shares	(₹ in Lakhs)
<b>NOTE 2: SHARE CAPITAL</b>				
<b>(a) Authorised :</b>				
Equity Shares of the par value of ₹10/- each	1,200,000,000	120,000	1,200,000,000	120,000
<b>(b) Issued and Subscribed :</b>				
Equity Shares of ₹ 10/- each fully paid-up	163,583,180	16,358.32	160,786,980	16,078.70
<b>(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year :</b>				
Equity shares outstanding at the beginning of the year	160,786,980	16,078.70	160,786,980	16,078.70
Equity shares issued during the year (refer note 31)	2,796,200	279.62	-	-
Equity shares outstanding at the end of the year	163,583,180	16,358.32	160,786,980	16,078.70
<b>(d) Rights, preferences and restrictions attached to Equity shares</b>				
The Company has a single class of Equity Shares. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders. In the 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>(e) Shareholders holding more than 5% Equity shares in the Company are set out below:</b>				
<b>Mafatla Industries Limited</b>				
No. of shares	26,007,919		23,036,469	
% Holding	15.90		14.33	
<b>Arvi Associates Private Limited</b>				
No. of shares	-		10,643,026	
% Holding	-		6.62	
<b>Suremi Trading Private Limited</b>				
No. of shares	20,369,204		-	
% Holding	12.45		-	
<b>Sushripada Investments Private Limited</b>				
No. of shares	8,960,880		-	
% Holding	5.48		-	
<b>(f) No. of shares reserved for issuance as Employee Stock Options (Refer note 31)</b>	3,450,400		4,169,200	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>NOTE 3: RESERVES AND SURPLUS</b>		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities premium account		
Opening balance	450.92	450.92
Add: Premium on shares issued during the year	290.06	-
Closing balance	740.98	450.92
(c) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(d) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	25,583.18	20,086.05
Add: Profit for the year	12,042.77	7,826.20
Less: Appropriations :		
Proposed dividend on Equity Shares (₹ per share) (previous year ₹1.20/- per share) (refer note 36)	-	1,929.44
Corporate dividend tax (refer note 36)	-	399.63
Closing balance	37,625.95	25,583.18
<b>TOTAL</b>	<b>43,246.93</b>	<b>30,914.10</b>
<b>NOTE 4: LONG-TERM BORROWINGS</b>		
Secured term loans from banks (refer note 8 )	500.00	1,500.00
	<b>500.00</b>	<b>1,500.00</b>
<b>Details of security</b>		
a) First pari passu charge on all moveable and immoveable fixed assets of the Company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the Company, both present and future.		
<b>Terms of Repayment and maturity with respect to the Balance Sheet date</b>		
Repayable in 20/21 equal quarterly instalments commencing from Financial Year 2013-14		
<b>NOTE 5: LONG-TERM PROVISIONS</b>		
For employee benefits (refer notes 8 and 9)	1,691.08	1,802.27
For customs duty	7.28	59.32
<b>TOTAL</b>	<b>1,698.36</b>	<b>1,861.59</b>

**Note:**

The Company did not have any long-term contracts including derivative contracts for which any provision was required for foreseeable losses.


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>NOTE 6: SHORT-TERM BORROWINGS (SECURED)</b>		
From banks:		
Working Capital Loans	-	86.70
<b>TOTAL</b>	<b>-</b>	<b>86.70</b>
<b>Details of Security</b>		
First pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
<b>Terms of Repayment:</b>		
Repayable on demand		
<b>NOTE 7: TRADE PAYABLES</b>		
Trade payables:		
a) Payable to Micro and Small enterprises	154.89	129.61
b) Payable to Others		
i) Acceptances	1,702.53	1,453.91
ii) Other than Acceptances	6,867.87	5,710.76
<b>TOTAL</b>	<b>8,725.29</b>	<b>7,294.28</b>
<b>NOTE 8: OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term loans from banks (refer note 4)	1,000.00	1,000.00
(b) Current liability for employee benefits (refer note 5 and 9)	465.28	606.43
(c) Interest accrued but not due on borrowings	13.48	21.47
(d) Unclaimed dividends	174.57	156.85
(e) Other payables		
(i) Statutory remittances	756.45	894.37
(ii) Trade/security deposits received	159.88	163.38
(iii) Creditors for capital projects	174.78	252.92
(iv) Advances from customers	65.57	58.41
(v) Others	-	-
<b>TOTAL</b>	<b>2,810.01</b>	<b>3,153.83</b>
<b>NOTE 9: SHORT-TERM PROVISIONS</b>		
(a) Provision for employee benefits (refer note 5 and 8)	377.75	165.10
(b) Proposed dividend on Equity Shares (refer note 36)	-	1,929.44
(c) Corporate dividend tax (refer note 36)	-	399.63
<b>TOTAL</b>	<b>377.75</b>	<b>2,494.17</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

## NOTE 10: FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization				Net Block
	As at 1 April 2016	Additions	Deductions / Adjustments	As at 31 March 2017	As at 1 April 2016	For the year	Deductions	As at 31 March 2017	As at 31 March 2017
<b>Property, Plant and Equipments</b>									
Leasehold Land	1,256.65	-	-	1,256.65	77.06	14.47	-	91.53	1,165.12
	(1,256.65)	(-)	(-)	(1,256.65)	(62.56)	(14.50)	(-)	(77.06)	(1,179.59)
Buildings									
(a) Own use	8,706.58	56.76	-	8,763.34	1,177.85	243.25	-	1,421.10	7,342.24
	(8,568.69)	(137.90)	-	(8,706.59)	(937.04)	(240.81)	(-)	(1,177.85)	(7,528.74)
(b) Given under operating lease	83.57	-	-	83.57	32.24	1.45	-	33.69	49.88
	(83.57)	(-)	-	(83.57)	(30.80)	(1.44)	(-)	(32.24)	(51.33)
Plant and Equipment (refer note 2 below)	33,213.44	1,036.46	623.35	33,626.55	12,125.79	1,065.66	557.92	12,633.53	20,993.02
	(32,513.02)	(890.43)	(190.01)	(33,213.44)	(11,247.25)	(1,021.98)	(143.37)	(12,125.86)	(21,087.58)
Furniture and Fixtures	634.01	38.62	-	672.63	537.87	23.72	-	561.59	111.04
	(620.77)	(13.25)	(-)	(634.02)	(521.05)	(16.82)	(-)	(537.87)	(96.15)
Vehicles	194.89	212.50	30.41	376.98	100.11	37.82	23.39	114.54	262.44
	(224.01)	(12.13)	(41.24)	(194.90)	(109.10)	(25.57)	(34.55)	(100.12)	(94.78)
Office Equipment including computers	1,073.23	55.65	1.45	1,127.43	872.43	61.05	1.29	932.19	195.24
	(1,044.79)	(28.41)	(-)	(1,073.20)	(807.23)	(65.12)	(-)	(872.35)	(200.85)
<b>Property, Plant and Equipments Total (A)</b>	<b>45,162.37</b>	<b>1,399.99</b>	<b>655.21</b>	<b>45,907.15</b>	<b>14,923.35</b>	<b>1,447.42</b>	<b>582.60</b>	<b>15,788.17</b>	<b>30,118.98</b>
	<b>(44,311.50)</b>	<b>(1,082.12)</b>	<b>(231.25)</b>	<b>(45,162.37)</b>	<b>(13,715.03)</b>	<b>(1,386.24)</b>	<b>(177.92)</b>	<b>(14,923.35)</b>	<b>(30,239.02)</b>
<b>Intangible Assets</b>									
Software	312.98	9.00	-	321.98	103.39	31.79	-	135.18	186.80
	(305.14)	(7.86)	(-)	(313.00)	(72.20)	(31.18)	(-)	(103.38)	(209.62)
Patents	454.38	-	-	454.38	243.12	45.43	-	288.55	165.83
	(454.38)	(-)	(-)	(454.38)	(197.68)	(45.44)	(-)	(243.12)	(211.26)
Know How	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Intangibles Total (B)</b>	<b>767.36</b>	<b>9.00</b>	<b>-</b>	<b>776.36</b>	<b>346.51</b>	<b>77.22</b>	<b>-</b>	<b>423.73</b>	<b>352.63</b>
	<b>(759.52)</b>	<b>(7.86)</b>	<b>(-)</b>	<b>(767.38)</b>	<b>(269.88)</b>	<b>(76.62)</b>	<b>(-)</b>	<b>(346.50)</b>	<b>(420.88)</b>
<b>TOTAL (A+B)</b>	<b>45,929.73</b>	<b>1,408.99</b>	<b>655.21</b>	<b>46,683.51</b>	<b>15,269.86</b>	<b>1,524.64</b>	<b>582.60</b>	<b>16,211.90</b>	<b>30,471.61</b>
	<b>(45,071.02)</b>	<b>(1,089.98)</b>	<b>(231.25)</b>	<b>(45,929.75)</b>	<b>(13,984.91)</b>	<b>(1,462.86)</b>	<b>(177.92)</b>	<b>(15,269.85)</b>	<b>(30,659.90)</b>
<b>Capital work-in-progress</b>									446.89
									(607.65)
<b>TOTAL</b>									<b>30,918.50</b>
									<b>(31,267.55)</b>

Note :

- Figures in bracket denotes previous year figures.
- Deductions in Plant and Equipment includes assets written off during the year - Gross block ₹ 623.35 lakhs (previous year ₹190.01 lakhs) Net book value ₹ 65.43 lakhs (previous year ₹46.64 lakhs).


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Note 11: NON-CURRENT INVESTMENTS (AT COST)</b>		
<b>LONG-TERM INVESTMENTS :</b>		
Other Investments		
(i) Equity Instruments (Quoted)		
1,269,695 Equity Shares of ₹ 10/- each, fully paid-up in Mafatlal Industries Limited (previous year 566,320 shares) (see note (ii) below)	3,099.94	890.00
471,015 Equity Shares of ₹ 10/- each, fully paid-up in Navin Fluorine International Limited (previous year 566,340 shares) (see note (i) below)	1,110.30	1,335.00
5,000 Equity Shares of ₹ 2/- each, fully paid-up in HDFC Bank Limited	0.10	0.10
19,900 Equity Shares of ₹10/- each, fully-up paid in Bank of India	8.96	8.96
12,000 Equity Shares of ₹ 2/- each fully-up paid in Corporation Bank	1.89	1.89
(ii) Equity Instruments (Unquoted)		
17,101 Equity Shares of ₹ 100/- each, fully paid-up in Mafatlal Engineering Industries Limited (Re. 1)	-	-
1 Equity Share of ₹ 2,000/- fully paid-up in Shree Balaji Sahakari Sakhar Karkhana Limited	0.02	0.02
10,000 Equity Shares of ₹ 10/- each, fully paid-up in The Bharat Co-Operative Bank Limited	1.00	1.00
32,000 Equity Shares of Mafatlal UK - ₹2	-	-
22,320 Equity Shares of Mafatlal Services Limited - ₹ 1	-	-
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates (Certificate deposited with Government Department)	-	0.01
(iv) Investment in Mutual Funds		
50,000 Units of ₹10/- each of JM Mutual Fund	5.00	5.00
10560 Units of ₹10/- each of UTI Master Shares	0.86	0.86
<b>TOTAL</b>	<b>4,228.07</b>	<b>2,242.84</b>
(a) Aggregate amount of quoted investments		
Cost / Carrying value	4,227.05	2,241.81
Market value	17,633.87	11,200.71
(b) Aggregate amount of unquoted investments	1.02	1.03

**NOTE:**

- (i) Pursuant to an agreement entered into between the core promoters of the Company and some of the promoter companies and approved by the Board of Directors of the Company on 6 August 2016, the Company, during the year has sold part of its investments (Non-current investment) in Navin Flourine International Limited. The profit on sale of the said investments aggregating to ₹1,969.57 lakhs has been disclosed as 'Exceptional Item'.
- (ii) Pursuant to the agreement mentioned in the note (i), 703,375 Equity shares of Mafatlal Industries Limited were purchased during the year

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)****NOTE 12: LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)***(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Capital advances	36.19	63.94
(b) Security deposits		
Considered good	442.10	440.85
Considered doubtful	300.00	300.00
	742.10	740.85
Less : Provision	300.00	300.00
	<b>442.10</b>	<b>440.85</b>
(c) Loans and advances to employees	8.04	12.58
(d) Prepaid expenses	69.20	88.02
(e) Advance income-tax [net of provisions ₹10,690.93 lakhs (previous year ₹7,751.51 lakhs) and MAT credit utilised NIL (previous year ₹842.16 lakhs)]	259.32	450.01
(f) MAT credit entitlement	129.37	109.66
(g) Income-tax refund receivable	299.10	1,412.46
(h) Balances with Government authorities :		
(i) CENVAT credit receivable	32.96	32.96
(ii) VAT credit receivable	701.95	677.06
(iii) Service Tax credit receivable	8.49	0.45
<b>TOTAL</b>	<b>1,986.72</b>	<b>3,287.99</b>

**NOTE 13: SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)**

(a) Loans and advances to employees	6.61	5.43
(b) Prepaid expenses	194.99	192.75
(c) Balances with Government authorities :		
(i) CENVAT credit receivable	172.98	203.63
(ii) VAT credit receivable	5.72	6.56
(iii) Service Tax credit receivable	135.39	97.74
(d) Advance to suppliers and others		
Considered good	314.59	494.79
Considered doubtful	1.49	1.49
	316.08	496.28
Less : Provision	1.49	1.49
	314.59	494.79
(e) Export incentives receivable	393.57	406.14
(f) Capital Advances	52.31	11.02
<b>TOTAL</b>	<b>1,276.16</b>	<b>1,418.06</b>


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	As at 31 March 2017	As at 31 March 2016
<b>NOTE 14: INVENTORIES</b>		
(At lower of cost and net realisable value)		
Raw materials	3,720.01	2,794.74
Work-in-progress	856.69	602.02
Finished goods (other than trading)	4,235.96	7,834.62
Stock-in-trade (trading)	20.57	28.04
Production consumables and stores and spares	746.99	704.11
	9,580.22	11,963.53
<b>Details of stock-in-transit</b>		
Raw Materials	1,755.57	1,280.96
Finished Goods	122.06	19.00
	1,877.63	1,299.96
<b>TOTAL</b>	<b>11,457.85</b>	<b>13,263.49</b>
<b>NOTE 15: TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	-	5.14
Unsecured, considered doubtful	18.02	18.02
	18.02	23.16
Less: Provision	18.02	18.02
	-	5.14
Other Trade receivables		
Unsecured, considered good	16,750.45	15,099.75
<b>TOTAL</b>	<b>16,750.45</b>	<b>15,104.89</b>
<b>NOTE 16: CASH AND CASH EQUIVALENTS</b>		
<b>Cash and Bank Balances</b>		
(a) Cash on hand (refer note 33)	8.85	7.65
(b) Balances with Banks		
(i) in Current accounts	8,906.47	264.20
(ii) in EEFC accounts	1,680.95	213.90
(iii) in Demand deposit accounts	1,301.16	820.00
(iv) in Earmarked accounts		
- Unpaid dividend accounts	174.57	156.85
- Balances held as Margin Money	125.00	75.00
<b>TOTAL</b>	<b>12,197.00</b>	<b>1,537.60</b>
Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is	11,897.43	1,305.75
<b>NOTE 17: OTHER CURRENT ASSETS (CONSIDERED GOOD)</b>		
Interest accrued on deposits	46.91	57.09
Other Advances	4.55	2.26
<b>TOTAL</b>	<b>51.46</b>	<b>59.35</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
(i) Sale of products:		
<u>Manufactured goods</u>		
Rubber Chemicals	79,786.50	76,609.92
Others	465.57	981.65
	80,252.07	77,591.57
<u>Traded goods</u>		
Rubber Chemicals	483.82	528.28
	<b>80,735.89</b>	<b>78,119.85</b>
(ii) Other operating revenues:		
Sale of scrap	167.19	147.56
Duty drawback and other export incentives	651.86	495.56
Cash discount received	12.73	8.83
Excess provision for earlier years written back	197.23	80.40
Refund of Electricity Duty	8.63	0.71
Miscellaneous income	54.24	7.97
	1,091.88	741.03
<b>TOTAL</b>	<b>81,827.77</b>	<b>78,860.88</b>
<b>NOTE 19: OTHER INCOME</b>		
(a) Interest income (see note below)	585.83	93.33
(b) Dividend income:		
From long-term investments	167.37	123.77
From others - Subsidiaries	-	-
(c) Gain on sale of current investments	23.20	-
(d) Excess provision for expenses of earlier years written back	41.15	79.33
(e) Exchange difference on foreign currency transactions and translations (net)	79.12	-
(f) Other non-operating income (rental income)	53.49	56.99
<b>TOTAL</b>	<b>950.16</b>	<b>353.42</b>
<b>Note</b>		
Interest income comprises:		
Interest from banks on deposits	394.10	54.96
Interest on loans and advances	22.53	28.05
Interest on income-tax refund	166.87	-
Interest on VAT refund	2.33	10.32
<b>TOTAL</b>	<b>585.83</b>	<b>93.33</b>


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)**
*(₹ in Lakhs)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Note 20.a: Cost of materials consumed</b>		
Opening stock	4,075.70	4,627.44
Add: Purchases	34,403.31	30,669.12
	38,479.01	35,296.56
Less: Closing stock	5,475.58	4,075.70
<b>Cost of materials consumed</b>	<b>33,003.43</b>	<b>31,220.86</b>
Materials consumed comprise:		
Chlorinated aromatics and amines	13,096.42	12,411.16
Solvents	6,176.38	5,871.06
Chemicals	11,720.14	10,760.50
Others	2,010.49	2,178.14
<b>TOTAL</b>	<b>33,003.43</b>	<b>31,220.86</b>
<b>Note 20.b: Purchases of stock-in-trade</b>		
Rubber Chemicals	337.86	337.30
<b>TOTAL</b>	<b>337.86</b>	<b>337.30</b>
<b>NOTE 20.c: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	4,358.02	7,853.62
Work-in-progress	856.69	602.02
Stock-in-trade	20.57	28.04
	5,235.28	8,483.68
<u>Inventories at the beginning of the year:</u>		
Finished goods	7,853.62	12,024.75
Work-in-progress	602.02	1,228.58
Stock-in-trade	28.04	41.44
	8,483.68	13,294.77
Decrease in excise duty on closing stock of finished products	(631.09)	(418.91)
<b>Net Decrease</b>	<b>2,617.31</b>	<b>4,392.18</b>
<b>NOTE 21: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	5,105.52	4,704.59
Contributions to provident and other funds (refer note 32)	761.88	878.87
Staff welfare expenses	527.71	493.17
<b>TOTAL</b>	<b>6,395.11</b>	<b>6,076.63</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>NOTE 22: FINANCE COSTS</b>		
Interest expense:		
(i) Borrowings from banks	196.73	895.60
(ii) Others		
- Interest on security deposits and others	25.41	38.36
<b>TOTAL</b>	<b>222.14</b>	<b>933.96</b>
<b>NOTE 23: OTHER EXPENSES</b>		
Power, fuel and Other Utilities	5,178.50	5,436.51
Processing Charges	1,725.29	1,718.55
Selling Expenses	2,469.40	2,314.31
Consumption of packing materials	1,238.48	1,119.48
Consumption of stores and spare parts	794.87	828.55
Rent including lease rentals	280.30	290.09
Repairs and maintenance - Machinery	779.84	737.84
Repairs and maintenance - Buildings	127.92	149.00
Insurance	92.10	93.86
Rates and taxes	199.73	208.66
Payments to auditors (Refer Note below)	47.63	45.67
Loss on fixed assets sold / scrapped / written off (net)	66.08	48.63
Exchange difference on foreign currency transactions and translations (net)	-	25.61
Expenditure on CSR activities / Donations	187.38	108.28
Miscellaneous expenses	2,735.16	2,431.42
<b>TOTAL</b>	<b>15,922.68</b>	<b>15,556.46</b>
<b>NOTE:</b>		
Payments to the auditors comprise (net of service tax):		
For statutory audit	29.27	29.21
For tax audit	4.57	4.57
For certification work	4.55	0.25
For others	7.00	10.00
For reimbursement of expenses	2.24	1.64
<b>TOTAL</b>	<b>47.63</b>	<b>45.67</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

### 24. Contingent liability in respect of:

(₹ in Lakhs)

	2016 - 17	2015 - 16
(a) Claims against the Company not acknowledged as debts	42.48	42.48
(b) Central excise duty and Customs duty demands disputed	324.64	265.55
(c) Income-tax demands disputed	251.81	251.81
(d) Sales tax demands disputed	524.09	393.81
Note: The Company has contested / filed appeals in respect of the aforesaid disputed matters before the authorities. The management is hopeful that matters will be decided in favour of the Company.		

	2016 - 17	2015 - 16
25. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	469.76	174.81

26. The Group is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of Accounting Standard 17 on 'Segment Reporting', constitutes a single reportable segment.

27. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns, etc.). These lease arrangements are ranging between 11 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rental expenses and income is ₹280.30 lakhs (previous year ₹290.09 lakhs) and ₹53.49 lakhs (previous year ₹56.99 lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows:

(₹ in Lakhs)

Particulars	2016 - 17	2015 - 16
Payable not later than one year	-	10.61
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-

### 28. Related Parties

#### (A) Name of related parties and description of relationship

##### (i) Enterprises over which Directors and Relatives of such personnel exercise significant influence:

Navin Fluorine International Limited (Till 19 August 2016)  
Mafatlal Industries Limited  
Shri Sadguru Seva Sangh Trust  
Sri Chitanya Seva Trust

##### (ii) Key Management Personnel:

Mr. H. A. Mafatlal (from 19 August 2016)  
Mr. C. R. Gupte  
Mr. S. R. Deo

### (B) Transactions with related parties

(₹ in Lakhs)

Nature of Transactions	2016 - 17	2015 - 16
Purchase of Materials / Services:		
- Navin Fluorine International Limited	0.81	4.02
Purchase/(Sale) of Investments		
- Mafatlal Industries Limited	2210.00	-
- Navin Fluorine International Limited	(2194.00)	-
Reimbursement of Expenses:		
- Mafatlal Industries Limited	14.03	17.18
Office Deposit received back		
- Mafatlal Industries Limited	-	-
Remuneration Paid to:		
Key Management Personnel		
- Mr. H. A. Mafatlal	256.49	-
- Mr. C. R. Gupte	306.05	242.87
- Mr. S. R. Deo	195.31	167.54
Rent Paid to:		
- Navin Fluorine International Limited	62.40	156.78
Expenditure on CSR activities / Donations		
- Shri Sadguru Seva Sangh Trust	40.00	41.50
- Sri Chaitanya Seva Trust	40.00	38.50
Dividend received from		
- Mafatlal Industries Limited	16.99	16.99
- Navin Fluorine International Limited	62.30	104.77
Dividend Paid to		
- Mafatlal Industries Limited	276.44	230.36
- Navin Fluorine International Limited	82.20	68.50
Trade Creditors Payable		
- Mafatlal Industries Limited	2.89	2.50
Other Current Assets:		
- Navin Fluorine International Limited	1.49	1.49

Related parties have been identified by the management and relied upon by the auditors.

### 29. Deferred tax

The components of Deferred Tax Liabilities/(assets) are as under:

(₹ in Lakhs)

	2016 - 17	2015 - 16
Depreciation	4,735.52	4,365.71
Unabsorbed depreciation and carried forward losses	(20.31)	(50.96)
Provision for doubtful debts and advances	(110.58)	(110.58)
Provision for compensated absences, gratuity and other employee benefits	(701.86)	(628.91)
Sales Tax set off	1,260.89	1,251.30
Others	(14.11)	(28.16)
<b>Net deferred tax liability</b>	<b>5,149.55</b>	<b>4,798.40</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

## 30. Earnings per share (EPS):

	2016 - 17	2015 - 16
Profit attributable to Equity shareholders (₹ in Lakhs)	12,042.77	7,826.20
Weighted average number of Equity shares for Basic EPS	161,832,035	160,786,980
Add: Dilutive impact of Employee Stock Option granted and outstanding as at year-end	2,453,772	1,966,777
Weighted average number of Equity shares for Diluted EPS	164,285,807	162,753,757
Nominal value of Equity share (₹)	10.00	10.00
Earnings per share (₹) – Basic	7.44	4.87
Earnings per share (₹) – Diluted	7.33	4.81

## 31. ESOP scheme

The details of the Employee Stock Options are as follows:

Particulars	2016-17	2016-17	2015-16	2011-12	2010-11	2009-10	2007-08
	Grant 7	Grant 6	Grant 5	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	16/03/17	05/05/16	01/04/15	01/04/11	25/05/10	09/06/09	27/08/07
Contractual life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Outstanding as at 01-04-16	-	-	1,373,000	973,000	973,000	425,100	425,100
Granted during the year	1,160,200	917,200	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	-	-	-	973,000	973,000	425,100	425,100
Outstanding as at 31-03-17	1,160,200	917,200	1,373,000	-	-	-	-
Vesting Schedule (from the date of grant)							
First Year	25%	25%	25%	25%	25%	25%	25%
Second Year	25%	25%	25%	25%	25%	25%	25%
Third Year	25%	25%	25%	25%	25%	25%	25%
Fourth Year	25%	25%	25%	25%	25%	25%	25%
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity

Had fair value method been used, the compensation cost would have been higher by ₹151.60 Lakhs (previous year ₹116.36 Lakhs), profit after tax would have been lower by ₹106.62 lakhs (previous year ₹75.99 Lakhs) and EPS – Basic would have been ₹7.26 (lower by ₹0.07) (previous year ₹4.82 per share (lower by ₹ 0.05) and Diluted would have been ₹7.22 (lower by ₹0.07) (previous year ₹4.76 per share (lower by ₹0.05)).

## 32. Employment and Retirement Benefit

	(₹ in Lakhs)	2016 - 17	2015 - 16
1 Post-Employment benefits			
a) Defined contribution plans			
i) Group's contribution to Provident Fund		213.59	191.63
ii) Company's contribution to Superannuation Fund		62.00	49.53

(₹ in Lakhs)

	2016 - 17	2015 - 16
b) Defined benefit scheme		
Gratuity		
Funded:		
α) Liability recognized in Balance Sheet		
1. Change in Benefit Obligation		
Present Value of Obligations		
As at 1 April	1,805.85	1,410.70
Service Cost	60.64	47.63
Interest Cost	141.77	112.71
Actuarial Loss on Obligations	141.37	289.44
Benefits paid	(140.25)	(54.63)
As at 31 March	2,009.38	1,805.85
Less: Fair Value of Plan Assets		
As at 1 April	1,468.59	1,200.40
Expected Return on Plan assets less loss on Investments	115.28	95.91
Contribution	337.26	210.30
Benefits paid	(140.25)	(54.63)
Actuarial Gain on Plan Assets	13.50	16.61
As at 31 March	1,794.38	1,468.59
NET	215.00	337.26
Unfunded:		
Present Value of Obligations		
As at 1 April	869.26	699.72
Service Cost	31.58	25.21
Interest Cost	68.22	55.91
Actuarial Loss on Obligations	0.00	125.86
Benefits paid	(92.20)	(37.44)
As at 31 March	876.86	869.26
Net Liability	1,091.86	1,206.52
b) Expense during the year		
Service Cost	92.22	72.84
Interest Cost	209.99	168.62
Expected Return on Plan assets	(115.28)	(95.91)
Actuarial Loss on Obligations	127.87	398.68
Total	314.80	544.23
c) Principal actuarial assumptions		
Rate of Discounting	7.12%	7.85%
Rate of Return on Plan Assets	7.12%	7.85%
Rate of increase in salaries	6.00%	6.00%
Attrition Rate	6.00%	6.00%
	31.03.2017	31.03.2016
1 Breakup of Plan Assets:		
i) Government Bonds	697.00	440.25
ii) Corporate Bonds	396.00	231.17
iii) Special Deposit Scheme	8.71	8.71
iv) Others	692.67	788.46
	1,794.38	1,468.59

The Company expects to contribute ₹215.00 Lakhs (previous year ₹337.26 Lakhs) to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the Indian Assured Lives Mortality (2006-08) ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of the future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd...)

Other Disclosures:

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	2,886.23	2,675.11	2,110.43	1,757.66	1,820.68
Plan asset	1,794.38	1,468.59	1,200.40	1,039.20	1,065.45
Deficit	1,091.85	1,206.52	910.04	718.46	755.23
Experience adjustment on liabilities – loss	140.72	150.23	94.22	145.34	37.07
Experience adjustment on plan assets – loss	(13.50)	(16.61)	(0.02)	8.41	14.62

### 33. Details of specified bank notes (SBNs)

The details of holding and dealing in SBNs by the company during the period from 8 November 2016 to 30 December 2016 are as follows

(₹ in Lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2.12	3.50	5.62
(+) Permitted receipts	-	20.12	20.12
(-) Permitted payments	-	15.92	15.92
(-) Amount deposited in Banks	2.12	-	2.12
Closing cash in hand as on December 30, 2016	-	7.70	7.70

### 34. Derivative Instruments and Foreign Currency Exposure

- (a) The Company has entered into forward exchange contracts for hedge purposes, not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees available at the settlement date of certain receivables. The following are the outstanding forward exchange contracts entered into by the Company:

(Figures in Lakhs)

Particulars	2016 – 2017		2015 – 2016	
	Rupees	Foreign currency	Rupees	Foreign currency
Forward contracts	2,690.52	USD 40.00	859.95	USD 13.00

- (b) The year-end foreign currency exposures that have not been hedged are as follows.

(Figures in Lakhs)

	2016 - 2017		2015 - 2016	
	Rupees	Foreign currency	Rupees	foreign currency
<b>Unhedged</b>				
Creditors for goods	2,316.28	USD 35.77 EURO NIL	2,087.09	USD 28.31 EURO 2.85
Debtors	1,129.08	USD 15.82 EURO 1.52	2,540.79	USD 35.46 EURO 2.61
Creditors for expenses	85.07	USD 1.27 EURO 0.04	76.12	USD 1.09 EURO 0.05
Advance from Customers	24.29	USD 0.38	6.25	USD 0.09
PCFC Loan	-	-	-	-

### 35. Details of expenditure and income on inhouse approved Research and Development (R&D) facility

(₹ in Lakhs)

Particulars (as identified and bifurcated by the management of the company)

	2016 - 2017	2015 - 2016
(i) Capital expenditures		
(a) Capital equipments	21.68	164.25
(ii) Revenue expenditures		
(a) Salary Wages	333.80	153.91
(b) Travelling & Conveyance expenses	12.76	26.61
(c) Repairs and Maintenance	20.02	18.85
(d) Communication expenses	0.63	1.38
(e) Materials and consumables	28.86	31.22
(f) Housekeeping	1.87	1.29
(g) Others	36.77	26.72
(h) Depreciation	25.85	23.56
Total revenue expenditure	460.56	283.54
(iii) Total R & D expenditure	482.24	447.79
(iv) Amount received by R & D facilities	-	-
(v) Net amount of R & D expenditure	482.24	447.79

Capital expenditure is not on incurrence basis thus does not include net addition in capital work in progress

36. The Board of Directors at its meeting held on 8 May 2017 have recommended a dividend of ₹1.80 (Previous year ₹1.20) per equity share of ₹10 each, subject to approval by the shareholders at the ensuing Annual General Meeting.
37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Hrishikesh A. Mafatlal**  
Chairman

**S.R. Deo**  
Deputy Managing Director

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

**C.R. Gupte**  
Managing Director

**P. Srinivasan**  
Chief Financial Officer

**C.L. Jain**  
Director & Chairman- Audit Committee

**V. K. Gupte**  
Company Secretary

**A. B. Jani**  
Partner

Place : Mumbai,  
Dated : 8 May 2017

**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 or associate companies or joint ventures

**Part A Subsidiaries**

(Currency: Indian ₹ in lakhs)

1	Sl. No.:	1
2	Name of the subsidiary:	PIL Chemicals Limited
3	Date since when the subsidiary was acquired	22-Feb-07
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	1-Apr-16 to 31-Mar-17
5	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	Not Applicable
6	Share capital	835.48
7	Reserves & surplus	1,900.95
8	Total assets	3,095.73
9	Total Liabilities	3,095.73
10	Investments	16.71
11	Turnover	1,184.05
12	Profit before taxation	103.67
13	Provision for taxation	37.35
14	Profit after taxation	66.32
15	Proposed Dividend	4%
16	% of shareholding	100%
<b>Notes:</b>		
1	Names of subsidiaries which are yet to commence operations	None
2	Names of subsidiaries which have been liquidated or sold during the year	None

**Part B Associates and Joint Ventures**

None
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**For and on behalf of the Board of Directors**

**Hrishikesh A. Mafatlal**  
Chairman

**C.R. Gupte**  
Managing Director

**C.L. Jain**  
Director & Chairman- Audit Committee

**S.R. Deo**  
Deputy Managing Director

**P. Srinivasan**  
Chief Financial Officer

**V. K. Gupte**  
Company Secretary

Place : Mumbai,  
Dated : 8 May 2017



## NOCIL LIMITED

Regd. Office: Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate Mumbai-400 020  
T. No. 91-22-66364062/66576100, Fax: 91-22-66364060, Website: www.nocil.com  
CIN: L99999MH1961PLC012003 Email: investorcare@nocil.com

### Proxy Form

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Amendment Rules, 2016)

Name of the Member(s) : .....  
Registered address : .....  
E-mail : .....  
Folio No./ Client Id / DP Id : .....  
No. of shares : .....

I / We, being the member(s) of the above named company, hereby appoint:

Name: ..... E-mail : .....

Address : .....

Signature: \_\_\_\_\_ or failing him / her

Name: ..... E-mail : .....

Address : .....

Signature: \_\_\_\_\_ or failing him / her

Name: ..... E-mail : .....

Address : .....

Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 55th Annual General Meeting of the Company, to be held on Thursday, 27 July 2017 at 2.30 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Vidyasagar, Principal K.M.Kundnani Chowk, Dinshaw Wacha Road, Churchgate, Mumbai-400020, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
<b>Ordinary business</b>	
1	Adoption of Audited Statement of Accounts for FY 2016-17, etc.
2	To declare dividend on equity shares.
3	Appointment of Mr. Vilas R. Gupte as a Director.
4	Appointment and remuneration of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai as Statutory Auditors of the Company.
<b>Special business</b>	
5	ORDINARY RESOLUTION: Appointment of Mr. Priyavrata H. Mafatlal as Director
6	SPECIAL RESOLUTION : Approval of appointment and payment of remuneration to Mr. S.R. Deo as Managing Director of the Company for the period of 5 years.
7	ORDINARY RESOLUTION : Ratification of payment of remuneration to M/s. Kishore Bhatia & Associates, Cost Auditors, Mumbai, for FY 2017-18

Signed this ..... day of July, 2017.

.....

Signature of the proxy holder(s)

.....

Signature of the member

Affix  
Re. 1  
revenue  
stamp

**Notes:** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.

## IMPORTANT COMMUNICATION TO MEMBERS

The provisions of the Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, permits companies to send the Annual Report and other documents by e-mail to the shareholders. To support this Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

- i) The Registrar and Share Transfer Agents Viz. Karvy Computershare Private Limited for shares held in physical form and;
- ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

Upon registration of e-mail address(es), the Company would send Notices / Documents including Annual Report via electronic mode.

In case any Member opts / insists for physical copies of above documents, the same would be sent to him by post free of cost at the address registered with the Company.

## REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

**M/s. Karvy Computershare Private Limited**

**Unit: NOCIL Limited**

**Registered Office :**

Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032

**Investors' Relation Centre :**

24 B, Rajabhadur Mansion, Ground Floor,  
Ambalal Doshi Marg, Fort,  
Mumbai - 400023, Maharashtra .

I/We is/ are member/s of M/s NOCIL Ltd and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended from time to time. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member .....

Joint Holder -1 .....

Joint Holder -2 .....

e-mail id for registration .....

Date :

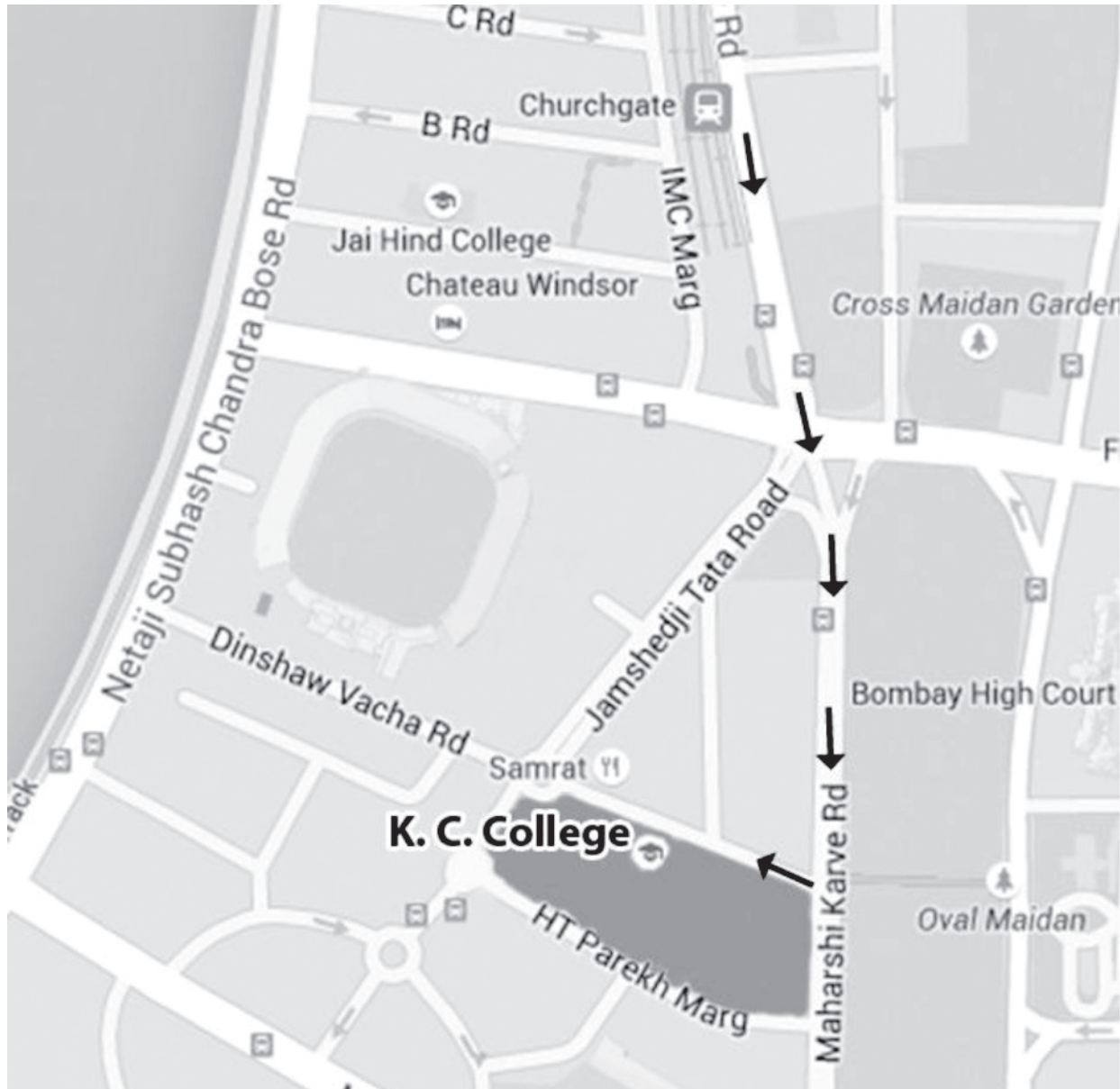
Signature (1<sup>st</sup> holder) .....

Regd.Folio/Client Id No.....

# ROUTE MAP TO ANNUAL GENERAL MEETING VENUE

Location: Rama and Sundri Watumull Auditorium at Kishinchand Chellaram College (K.C College),  
124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020

Landmark: Oval Maidan





**NOCIL LIMITED**

Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400 020. INDIA  
Telephone : 66364062 • Fax : 66364060. • E-mail : [investorcare@nocil.com](mailto:investorcare@nocil.com). • Website : [www.nocil.com](http://www.nocil.com)