



PADMANABH  
MAFATLAL  
GROUP

Creating value. Sharing value.



August 10, 2018

**Bombay Stock Exchange Ltd.,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400 001.  
Scrip Code: 532504

**National Stock Exchange of India Ltd.,**  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai 400 051  
Scrip Code: NAVINFLUOR EQ

Dear Sirs,

**Sub: 20<sup>th</sup> Annual General Meeting – Filing of Annual Report**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report for the Financial Year 2017-18 approved and adopted at the aforesaid 20<sup>th</sup> Annual General Meeting as per the provisions of the Companies Act, 2013.

Kindly take the above on record.

Thanking you,

**Yours faithfully,**  
**For Navin Fluorine International Limited,**

**Niraj B. Mankad**  
**Vice-President Legal & Company Secretary**

Encl: as above.

# HALF A CENTURY OF TRUST

Annual Report 2017-18



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Navin Fluorine  
International Limited

### Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

Mr. V P Mafatlal (DIN:00011350)	Chairman
Mr. T.M.M.Nambiar (DIN:00046857)	Director
Mr. P N. Kapadia (DIN:00078673)	Director
Mr. S. S. Lalbhai (DIN:00045590)	Director
Mr. S. M. Kulkarni (DIN:00003640)	Director
Mr. S. G. Mankad (DIN:00086077)	Director
Mr. H. H. Engineer (DIN:01843009)	Director
Mrs. R.V. Haribhakti (DIN:02409519)	Director
Mr. A. K. Srivastava (DIN:00046776)	Director
Mr. S. S. Khanolkar (DIN:02202839)	Managing Director

### COMPANY SECRETARY

Mr. N. B. Mankad

### BANKERS

State Bank of India  
AXIS Bank Limited  
HDFC Bank Limited

### AUDITORS

Price Waterhouse Chartered Accountants LLP

### SOLICITORS

Vigil Juris

### REGISTERED OFFICE:

2nd Floor, Sunteck Centre, 37/40, Subhash Road,  
Vile Parle (East), Mumbai 400057.  
Tel.: 91 22 6650 9999, Fax: 91 22 6650 9800  
E-mail: info@nfil.in, Website: www.nfil.in  
CIN: L24110MH1998PLC115499

### UNITS:

Navin Fluorine, Surat 395023 (Gujarat)  
Navin Fluorine, Dewas 455022 (M.P.)

### REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot no. 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad 500032  
Tel # 040 67162222 -24  
Telefax # 040 – 23001153  
Email # einward.ris@karvy.com, navin.ris@karvy.com  
Website: www.karvycomputershare.com

### INVESTOR RELATIONS CENTRE

Karvy Computershare Private Limited  
24-B, Ground Floor, Rajabhadur Mansion, Ambalal Doshi Marg,  
Behind BSE, Fort, Mumbai 400 023.  
Tel: 022-66235454, Fax: 022-66331135.

201, Shail Complex, Opp. Madhusudan House,  
Off: C.G. Road, Near Navrangpura Telephone Exchange,  
Ahmedabad 380 006.  
Tel. No.079-26400527, 65150009.  
E-mail: ahmedabad@karvy.com

### 20th ANNUAL GENERAL MEETING

On Tuesday, 24th July, 2018  
At 3.00 p.m. at Rama & Sundri Watumull Auditorium,  
K. C. College, Dinshaw Wacha Road,  
Churchgate, Mumbai 400020

- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
- Shareholders are requested to bring their copy of Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.
- The Listing Fees for the year 2018-19 have been paid by the Company to BSE Ltd. and National Stock Exchange of India Ltd. where the shares of the Company are listed.



# An eco-system created around trust

Our 50-year journey has been one of peaks and troughs.

Navin Fluorine International Limited was endured across these challenging 50-years.

On account of a consistent investment in a space that extended beyond assets.

*Trust.*

Over the decades, we have woven our intangibles around simple beliefs.

The results then are as enduring as they are enriching.

That trust is the combination of honesty, transparency and consistency.

That when you trust a team, you empower the company.

That when trust is lived through small actions, the impact is enduring.

That when you do for others what you want for yourself, you enhance ownership.

We believe that trust is not just an emotion; it is an enduring competitive advantage



*Dear Shareowners,*

**O**n the occasion of the 50th year of business of Navin Fluorine International Limited, one has been asked how we have endured and grown.

The answer is **Trust**. Trust is at the core of the model around which our Company was created, managed and grown.

This is what our visionary founder Mr. Arvind Mafatlal believed in and lived by.

That when trust is reposed, it is repaid.

That trust is based on transparency and consistency.

That trust is built when a team becomes larger than the individual.

That when teams are trusted, they outperform.

**As Stephen R. Covey said, 'Financial success comes from success in the marketplace, which comes from success in the workplace, the heart and soul of which is trust.'**

The Company is being driven into the future around five overarching principles. Our endeavour will be to grow with our society and the environment. Keeping a sense of balance between creating and sharing among our stakeholders.

We believe these values to be timeless, relevant and ever-green. What worked for us in the past is rooted in the present and will continue to be relevant in the future.

I can assure that we will endeavour to provide trust and be trusted in return, strengthening our values-based eco-system.

I take this opportunity to thank all of you for your continued support throughout our journey of fifty years.

**Vishad Mafatlal**, Chairman

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#### The five NFIL principles

- 01 Excellence at work creates stakeholder value.
  - 02 We share this value with partners in our journey.
  - 03 We create a sense of belonging with those with whom we work.
  - 04 We are fair with all our stakeholders.
  - 05 We engage in honest communication.
-

# Creating value. Sharing value.

1

## Identity

Navin Fluorine International Limited has a diversified portfolio of advance fluorine derivatives. Headquartered in Mumbai, the Company's manufacturing units are located in Surat (Gujarat), Dewas (Madhya Pradesh) and the UK.

2

## Portfolio

Navin Fluorine International Limited has a visible presence across four segments: refrigerants, specialty fluorochemicals, inorganic fluorides and contract research and manufacturing services. The refrigerant gases cater to stationary and mobile refrigeration and air-conditioning segments. The specialty fluorochemicals primarily cater to the pharmaceutical, agrochemical and polymer industries. Inorganic fluorides portfolio comprises hydrofluoric acid and various other inorganic fluorides used in pharmaceuticals, agrochemicals, steel and glass industries. The Company provides CRAMS services to global innovator pharmaceuticals companies.

3

## Experience

Established in 1967, Navin Fluorine International Limited possesses five decades of experience in the fluorination business.

4

## Acquisitions

In May 2011, Navin Fluorine International Limited acquired Manchester Organics Ltd., a boutique niche fluorination company located in the UK, providing both R&D and small scale custom synthesis services.

5

## Lineage

- Flagship enterprise of the Mumbai-based Padmanabh Mafatlal Group
- Led by Vishad Mafatlal (Chairman) who is, in turn, ably supported by a team of seasoned industry professionals

6

## Listing

The Company's stocks are listed and actively traded on the BSE and NSE bourses.

Vision	
--------	--



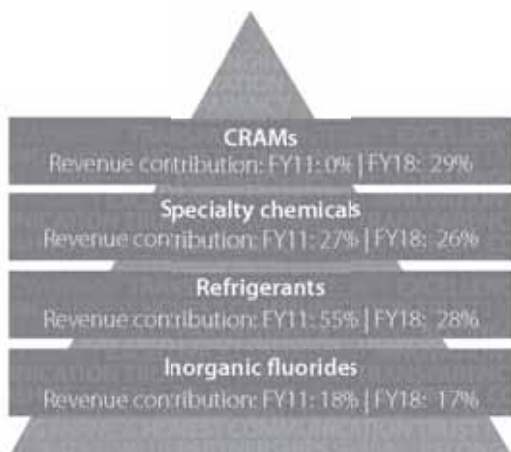
We, at Navin Fluorine, are committed to be a World Class, Customer Focused, Innovative Organisation in the field of Fine and Specialty Chemicals and partner of choice to global Refrigerant, Chemicals, Crop Sciences and Life Sciences companies.

## Our mission



- To provide customers the best 'Value for money' by producing world-class specialty fluorochemicals at the most competitive prices
- To continue and grow research and development as the sustenance engine of the organisation
- To innovate, build and operate chemical plants in the most safe and environment-friendly manner
- To continuously enhance stakeholder value by optimum utilisation of resources

## Navin Fluorine International Limited: Climbing the fluorination value chain

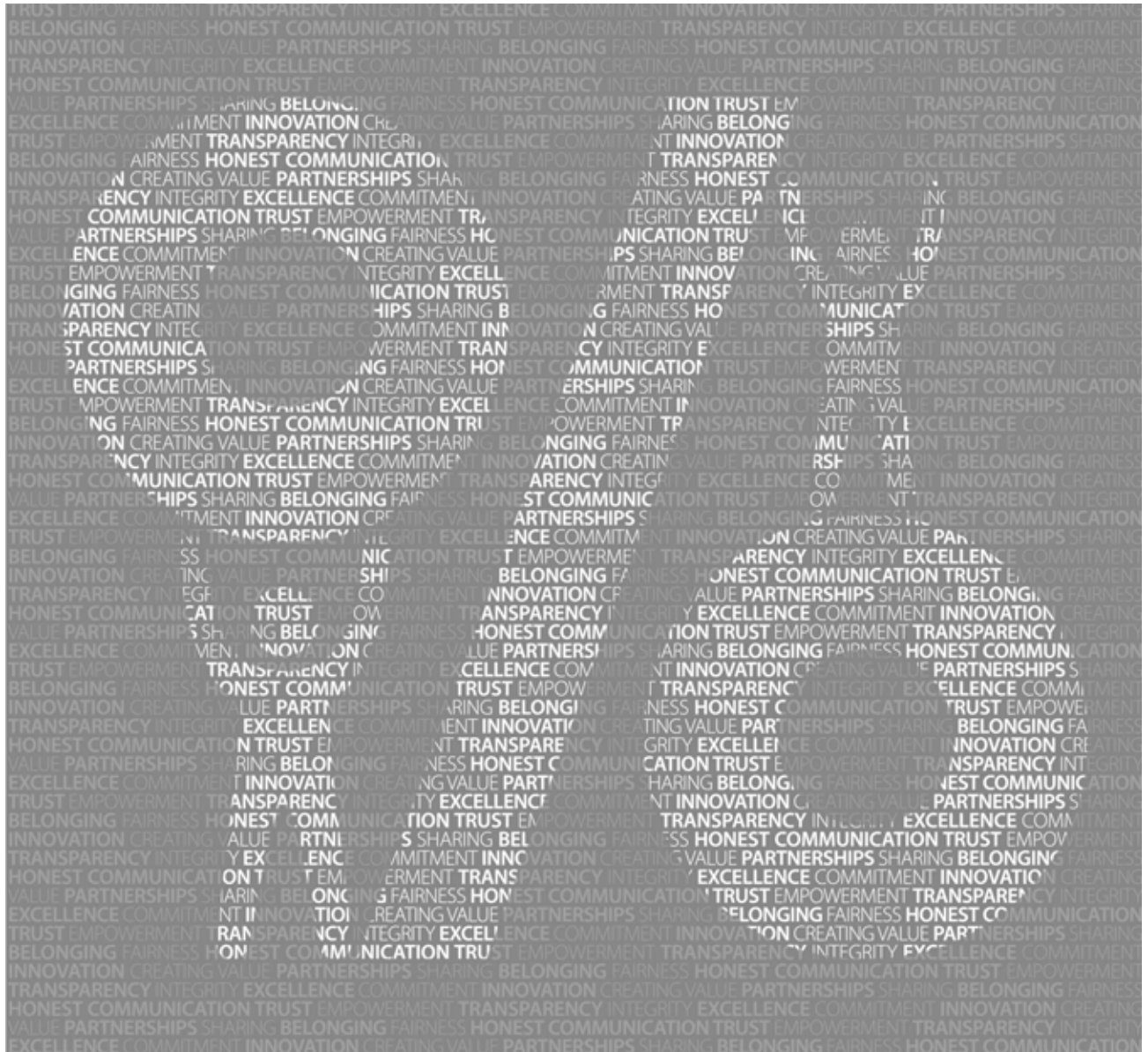


## Navin Fluorine International Limited in numbers



# Business segment snapshot

NAVIN FLUORINE INTERNATIONAL LIMITED  
POSTED ANOTHER YEAR OF STRONG GROWTH –  
A 26% INCREASE IN NET REVENUES AND A 35%  
GROWTH IN PROFIT AFTER TAX.



## Refrigerants

1

Navin Fluorine International Limited was among the first Indian companies to venture into the refrigerants space. Presently, it manufactures HCFC-22 under the brand name of Mafron.

### Key downstream clients

- Air conditioning and refrigeration



## Inorganic fluorides

2

Navin Fluorine International Limited has one of the largest anhydrous hydrofluoric and diluted hydrofluoric acid manufacturing capacities in India with a multiproduct portfolio that enjoys steady demand across markets.

### Key downstream clients

- Steel ● Glass ● Aluminum smelters ● Automobiles ● Pharmaceuticals



## Specialty chemicals

3

Navin Fluorine International Limited has a strong presence in the value-added specialty fluoro intermediates segment with prominent clients hailing from pharmaceutical, agrochemical and petrochemical industries, among others..

### Key downstream clients

- Pharmaceuticals ● Agrochemicals ● Petroleum resins



## CRAMS

4

Navin Fluorine International Limited is known for its proven research capabilities and a sophisticated cGMP-compliant facilities.

### Key downstream clients

- Innovator pharmaceuticals and life sciences and agrochemical companies



Dear Shareowners,

Our net revenues increased 26% from ₹ 69508 lakhs in FY17 to ₹ 87341 lakhs in FY18 while EBITDA strengthened by 47% from ₹ 20561 lakhs in FY17 to ₹ 30132 lakhs in FY18.

[illegible]

## Foundation of our inorganic business.

Even as the Company's inorganic business is largely commoditised, we are consistently focused on value-addition while addressing the needs of global customers. During the year under review, this direction was evident: we added many new customers and entered new markets. As a result, exports in the inorganic business accounted for 13% of our revenues in FY18 compared with 8% in the previous year.

Besides, the increase in revenues empowered us to maximise capacity utilisation of our Surat plant, strengthening a return on our assets. There are a number of reasons why our prospects appear brighter.

One, we were primarily a domestic revenues-driven business for the steel and glass industries; with the domestic steel industry witnessing a slowdown, we seeded exports around new product applications. We forged engagements with marquee customers in the Gulf, Europe and US, laying the foundation for sustainable growth.

Two, stronger regulatory action against environment non-compliance resulted in a number of Chinese manufacturers reducing capacities and global players turning to India as an alternative market. This opportunity empowered Navin Fluorine to enhance global supplies, cater buyer needs and enter relationships with attractive potential.

## The CRAMS catalyst

During the year under review, we continued to work collaboratively with global innovators in the pharmaceutical spaces. This had a two-fold impact: a larger share of the market on the one hand and a larger wallet share of existing customers on the other. Besides, we leveraged our deep chemistry knowhow and project management capabilities in growing CRAMS revenues 87%. Besides,

a number of customers successfully audited our plants and processes, validating our credentials on the one hand and providing us with order visibility on the other.

## Healthy refrigerants segment growth

The Company's refrigerants segment continued to perform creditably despite being present in a competitive space. Working within available production capacities, the business could manage to work closely with all its domestic and international customers in the refrigeration segment. The traction from non-refrigerant segments like pharmaceutical and agrochemical intermediaries also has been good during this year.

## Challenging specialty chemicals segment

The specialty chemical business continued to suffer headwinds and the business remained flat during the year under review. The global agrochemical industry remained sluggish and our key molecules could not be commercialised to the extent expected. The resulting business was lower than expected. However, the Company continued to create products pipeline with significant potential and we expect that as soon the global agrochemicals market improves, the products response could improve.

## Highlights, FY2017-18

- 'Responsible Care' certification awarded by Indian Chemical Council for another period of three years starting 2017-18.
- Transferred all assets and facilities at Dahej to our joint venture with Piramal Enterprises Ltd., a business in which NFIL is expected to benefit as a key raw material supplier
- Invested in R&D and capacity growth to address growing demand
- Embarked on a ₹ 115-crore CRAMS

business expansion at Dewas (to be operational by June 2019) financed through accruals and debt

- Encouraged employees to participate in the Company's CSR activities

## Staying at the top of our game for five decades

Navin Fluorine International Limited occupies a niche in the country's fluorination business. This market presence has been reinforced through quality superiority coupled with consistent service. The result is that a significant part of our revenues are derived from repeat customers. A large part of our dealer family has been associated with us for generations. This is the result not only of our superior commercial proposition but an ethical partner-oriented engagement translating into relationship sustainability. As an extension, this trust-based collaboration has translated into a high people retention, with a number of first-time employees having spent a number of years with us and a number of employees graduating to assume critical management roles. I must also thank our shareholders who have trusted our management capability through market cycles, a number of them working with us since we demerged from Mafatlal Industries Ltd more than a decade ago.

## Outlook

Going ahead, our focus will lie in completing our expansion undertaken during the financial year under review. We are strengthening our management bandwidth to address our growing operations. We are making timely investments in our inorganic and specialty business to generate growth as well.

In view of all such strong actions, we expect that our investments will enhance NFIL's competitiveness, translating into superior value for our stakeholders.

**Shekhar Khanolkar**, Managing Director

# What has driven Navin across 50 years

1

## Capability

Navin Fluorine has demonstrated focused and sustained excellence in the complex field of fluorination chemistry; it is recognised as a pioneer in refrigerants manufacture in India.

2

## Cutting-edge

The Company invested in state-of-the-art manufacturing infrastructure. The Company's Surat unit houses refrigerants, inorganic fluorides and specialty chemical manufacturing plants. The CRAMS facility in Dewas is India's only cGMP compliant plant with high pressure fluorination capabilities.

3

## Relationships

The Company has forged enduring customer engagements across all our business.

4

## Secure

The Company strives to integrate backwards and work to secure our raw materials in a more sustained way. The Company widened its sourcing base for key raw materials to moderate its dependence on Chinese suppliers.

5

## High technology

The Company invested in a modern DSIR-approved R&D centre in Surat. The R&D team address mission-critical product development and efficiencies.

6

## Pervasive

The Company has climbed the value chain by venturing from refrigerants into value-added areas like specialty chemicals and CRAMS, strengthening the bottomline.

7

## Responsible

The Company is respected as one of the most eco-friendly companies in the fluorination industry. The Company was certified with the 'Responsible Care' accreditation in view of its environment and social commitment.

## Values at Navin Fluorine

### Excellence at work = Creating value.

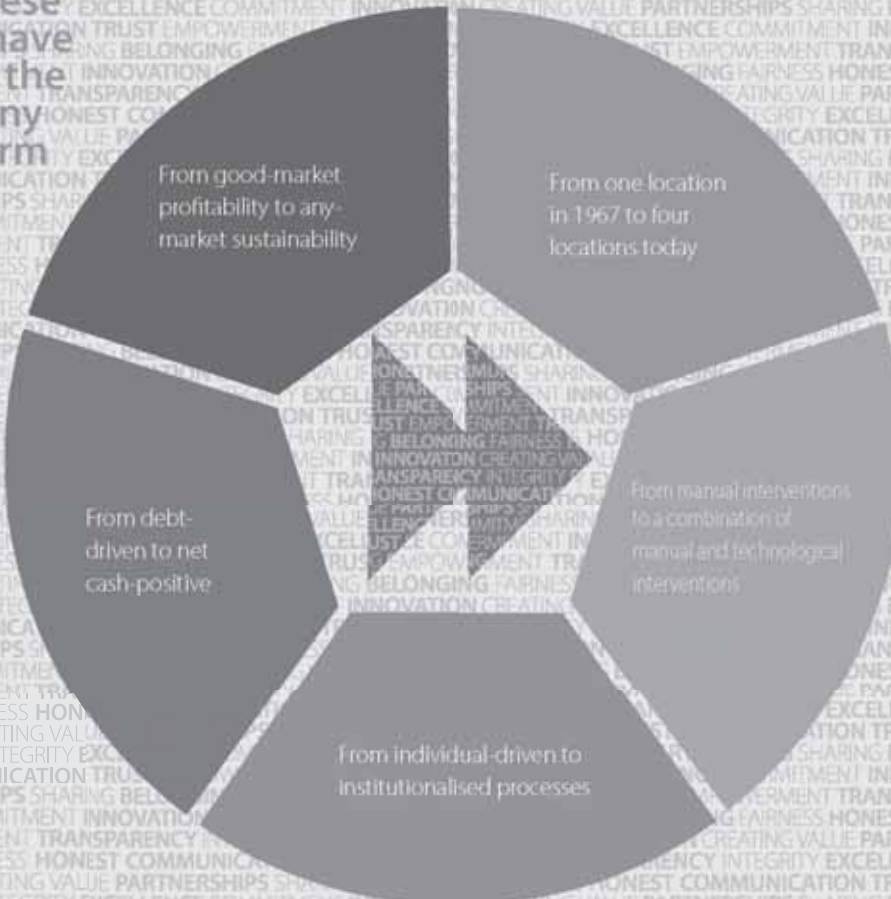
Excellence as a culture and not as a reaction; excellence in thought and action; excellence in everything we do

### Partners in journey of the Company = Sharing value.

We create an overarching ecosystem; driven by relationships over transactions; leave adequate sustainable value for all partners; they grow when we grow – and not vice versa

# Fluorine and business of operations

How these facets have helped the Company transform



## Sense of belonging = NFIL's interest first.

We delegate and empower; make people lead; focus on professional and personal growth; extend engagements from the financial to the emotional; create an emotional buy-in among stakeholders

## Fairness towards all stakeholders.

We become the custodian of stakeholder interests; engage on the basis of fairness; live and demonstrate this philosophy; apply equally across all tiers, functions and geographies

## Honest communication.

We tell the truth as it is; truth is defined by accurate and comprehensive communication. We communicate consistently irrespective of market cycles and varying circumstances

# How Navin Fluorine International Limited has performed over the years



## Definition

**GROWTH IN SALES NET OF TAXES AND EXCISE DUTIES**

### Why is this measured?

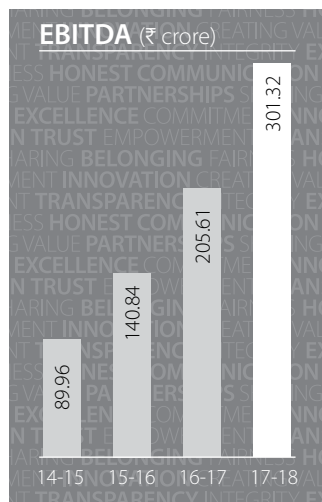
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

### What does it mean?

Aggregate sales increased by 26 % to reach ₹ 873.41 crore in FY2017-18 due to increasing demand for existing products and strategic launch of new ones.

### Value impact

Improved product offtake and enhanced the Company's reputation in the market.



## Definition

**EARNING BEFORE THE DEDUCTION OF FIXED EXPENSES (INTEREST, DEPRECIATION, EXTRAORDINARY ITEMS AND TAX)**

### Why is this measured?

It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and can be easily compared with retrospective averages of sectoral peers.

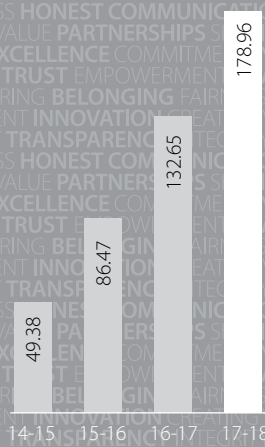
### What does it mean?

Helps create a robust growth engine and allows the Company to build profits in a sustainable manner.

### Value impact

The Company's EBITDA grew every single year through the last 4 years. The Company reported a 47% increase in its EBITDA in FY2017-2018 – an outcome of painstaking efforts of its team in improving operational efficiency.

### Net profit (₹ crore)



#### Definition

**PROFIT EARNED DURING THE YEAR AFTER DEDUCTING ALL EXPENSES AND PROVISIONS**

#### Why is this measured?

It highlights the strength in the business model in generating value for its shareholders.

#### What does it mean?

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to not run out of steam.

#### Value impact

The Company's net profit grew every single year through the last 4 years. The Company reported a 35% increase in its net profit in FY2017-18 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

### EBITDA margin (%)



#### Definition

**EBITDA MARGIN IS A PROFITABILITY RATIO USED TO MEASURE A COMPANY'S PRICING STRATEGY AND OPERATING EFFICIENCY**

#### Why is this measured?

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

#### What does it mean?

Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surpluses.

#### Value impact

The Company reported a 500 bps increase in EBITDA margin during FY2017-18.

### ROCE (%)



#### Definition

**IT IS A FINANCIAL RATIO THAT MEASURES A COMPANY'S PROFITABILITY AND THE EFFICIENCY WITH WHICH ITS CAPITAL IS EMPLOYED IN THE BUSINESS**

#### Why is this measured?

ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

#### What does it mean?

Enhanced ROCE can potentially drive valuations and perception (on listing).

#### Value impact

The Company reported a 700 bps increase in ROCE during FY2017-18.

# The Company, people and trust

My 33 years at NFIL's Surat plant will be remembered forever. The bond of trust with the management translated into functional independence. In those days, fluorspar was difficult to procure; 90% of our requirements would be addressed through imports. The management empowered me to do all I needed so that the plants did not encounter raw material shortages or overstocking. The result of this trust was operational seamlessness.

Mr. Homi Vakil  
– Ex-head, Supply Chain

“Of 1,500 people in our village, ~800 belong to local communities. The factory managers visit us every quarter to ask if we are facing problems with the objective to resolve them. This has enhanced our trust in the NFIL management.”

Sunil Singh Gohil,  
Sarpanch, Kharwasa village

“After 36 years at Navin Fluorine, I can say that the bottomline is trust. Whoever has trusted the Company has been rewarded. The result has been loyalty in a world where people move companies with speed.”

Mrs. Lily D'Souza, Secretary to Shekhar Khanolkar, Managing Director

“Our village comprises 1,140 people (70% tribals). Navin Fluorine has done a lot for our village - the Company has constructed 150 toilet blocks. The Company also provides books and stationery to our children; it recently repaired the broken roof of our village *pathshala*. The Company sends a medical van twice a week to provide health check-ups and distribute free medicines. It conducted eye camps and distributed spectacles. There is trust: **Navin apna Company hai.**”

Bankimbhai Naik,  
Sarpanch, Vaktana village

“We have been logistics partners of Navin Fluorine for four decades, providing services related to custom clearances and import of raw materials. What I find touching is that Navin considers my Company as a business partner as opposed to a vendor. We are associated with ~20 clients but would rank Navin Fluorine as our #1 client – for the respect it provides and its transparent practices.”

Mr. Hemant Shah,  
Nav Gujarat Logistics

Navin Fluorine's setting up a factory in the vicinity of our village has been an immense boon. Indigenous people form more than 60% of our village population of 1,000 with a dearth of basic facilities. Navin virtually assumed the government's role; it established water reservoirs and coolers; it provided employment at the factory. It provided clothes, books and stationery for our children. The biggest benefit has been its medical van, which visits our village twice a week, diagnoses the ill and distributes free medicines.

Rameshbhai Patel, Sarpanch, Bhatia village

My father started a dealership for NFIL's refrigerant business in 1977. The Company's quality consistency helped our business grow. The result is that the only non-Navin products we sell are the ones the Company does not manufacture. When I joined the business ~20 years ago, Navin Fluorine trusted me and provided the same opportunities it had given my father. The refrigerant market is growing at 20% a year and the bigger Navin Fluorine grows, the bigger we expect to grow.

Vikram Sood, Owner, Himalaya Refrigerants

”

After having graduated as a Chemical Engineer in 1991, I sought job opportunities and the first company I was recommended was Navin Fluorine: for its honesty and social responsibility. One advice from Mr. Shekhar Khanolkar (Managing Director) was: 'Remain completely transparent with clients'. Even as I have seen management changes since, this essence has endured: to remain clean and honest. The result is that when new employees join today, the first advice I give them is to learn the business nitty-gritty and the right way to do business.

Mr. P.G. Vashi – Vice-President,  
Production, Bhestan

is hereby re-appointed as a Director of the Company, liable to retire by rotation, though he has crossed the age of 75 years.”

## SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a **SPECIAL RESOLUTION**:

modification(s)  
**RESOLUTION:**

**“RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. T.M.M. Nambiar (holding DIN00046857), a Non-Executive Non-Independent Director of the Company, who is liable to retire by rotation at this Annual General Meeting of the Company, and being eligible, has offered himself for re-appointment, be and

**“RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. S.M. Kulkarni (holding DIN00003640), an Independent Director of the Company, be continued as an Independent Director of the Company to hold office for the balance period of his current tenure viz. upto 24th June, 2019, though he has crossed the age of 75 years.”

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactment thereof, for the time being in force and other applicable provisions, if any, and subject to requisite approvals from the concerned Stock Exchange/s and other appropriate statutory authorities, as may be necessary, the consent of the Members of the Company be and is hereby accorded to reclassify the following persons/entities from the existing “Promoter” and “Promoter Group” category to “Public” category.”

Sr. No.	Name of the Promoter/Promoter Group	Present Shareholding
1.	Mafatlal Industries Ltd.	NIL
2	NOCIL Ltd.	NIL
3	A.N. Mafatlal, Karta of ANM HUF 4	NIL
4	Mr. Hrishikesh A. Mafatlal	NIL
5	Mr. Hrishikesh Arvind Mafatlal	NIL
6	Mrs. Rekha Hrishikesh Mafatlal	NIL
7	Mrs. Aarti Manish Chadha	NIL
8	Mr. Hrishikesh A. Mafatlal	NIL
9	Mrs. Anjali Kunal Agarwal	NIL
10	Mr. Priyavrata Mafatlal	NIL
11	Gayatri Pestichem Mfg. Pvt. Ltd.	NIL
12	Suremi Trading Pvt. Ltd.	NIL
13	Sumil Holdings Pvt. Ltd.	NIL
14	Milekha Texchem Co. Pvt. Ltd.*	NIL
15	Shamir Texchem Pvt. Ltd.	NIL
16	Sushripada Investments Pvt. Ltd.	NIL
17	Arvi Associates Pvt. Ltd.	NIL
18	Shripad Associates Pvt. Ltd.*	NIL

\*since merged with Suremi Trading Pvt. Ltd. who applied for re-classification.

**“RESOLVED FURTHER THAT** any one of the Whole-time Directors or the Company Secretary or the Chief Financial Officer of the Company be and is hereby authorised to submit necessary application for re-classification to the concerned Stock Exchange/s wherein the securities of the Company are listed or to any other Regulatory Authority, as may be required, and to take such steps as may be necessary, desirable and expedient to give effect to this Resolution”.

6. To consider and if thought fit, to pass with or without modifications, the following Resolution, as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** in accordance with the provisions of 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, of the Companies Act, 2013, payment of Remuneration of ₹3,50,000/- (Rupees Three

Lacs Fifty Thousand only) (apart from re-imbursement of out-of-pocket expenses incurred for the purpose of Audit) to Mr. B.C. Desai, Cost Auditor (Membership Number M-1077) for conducting the audit of Cost Records relating to the chemical products manufactured by the Company for the year 1st April, 2018 to 31st March, 2019, be and is hereby approved and ratified."

By Order of the Board,

Place: Mumbai

Dated: 14th June, 2018

N.B. Mankad

Company Secretary

**Reqd. Office:**

2nd floor, Sunteck Centre, 37/40, Subhash Road,  
Vile Parle (East), Mumbai 400057.

Tel: 91 22 6650 9999. Fax: 91 22 6650 9800

E-mail: [info@nfil.in](mailto:info@nfil.in), Website: [www.nfil.in](http://www.nfil.in)

CIN: L24110MH1998PLC115499

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.

Instrument appointing a proxy duly completed in all respects should reach Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item Nos. 3 to 6 mentioned in the above Notice is annexed hereto.
3. In terms of Section 152 of the Companies Act, 2013, Mr. T.M.M. Nambiar (DIN00046857), Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. The details of the director seeking appointment/re-appointment as required by Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standards-2 issued by the Institute of Company

Secretaries of India and notified by Central Government is annexed hereto.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 17th July, 2018 to Friday, the 20th July, 2018 (both days inclusive) for the purpose of determining the eligibility of Shareholders entitled for payment of dividend, if any.
5. The final dividend and special dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on 27th July, 2018.

In order to enable the Company to directly credit the dividend amount in the bank accounts:

- a) Shareholders holding shares in demat accounts are requested to update their Bank Account details with their respective Depository Participants.
- b) Shareholders holding shares in physical form are requested to provide the following details along with an authorisation letter allowing the Company to directly credit the dividend in their bank accounts:

Name of first account holder (as appearing in the bank account records), Bank name, branch name, branch address, Account type and account number, IFSC code and MICR code and a copy of cancelled cheque.

6. Members are requested to note that pursuant to the provisions of Section 125(c) 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. The Company has already transferred the unclaimed/unpaid dividend declared for the year 2010 to the said fund. Members who have so far not claimed the dividends declared for any subsequent financial year(s) are requested to make claim with the Company immediately.
7. **Pursuant to the provisions of Section 124(6) of the Companies Act, 2013, and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all equity shares of the Company on which dividend has not been paid or claimed for 7 consecutive years or more shall be transferred by the Company to Investor Education and Protection Fund. The Company has also written to the concerned shareholders intimating them their particulars of the equity shares due for transfer. These details are also available on the Company's website [www.nfil.in](http://www.nfil.in). No claim shall lie against the Company in respect of these equity shares post their transfer to Investor Education and Protection Fund. Upon transfer, the shareholders will be able to claim these equity shares only from the Investor Education and Protection Fund Authority by making an online application, the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in). The Company has already transferred 3,13,270 Equity Shares (16,139 shareholders) to the designated Account of IEPF in the month of December 2017 in accordance with the above Rules.**
  8. **The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Company and has issued circulars allowing service of notices / documents including annual report by e-mail to its members. 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 the same in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail addresses registered with the Registrar and Share Transfer Agent.**
  9. Route map and prominent land mark for easy location of venue of the AGM is provided in the Annual Report and the same shall also be available on the Company's website [www.nfil.in](http://www.nfil.in)
  10. All documents referred to in the accompanying notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturday & Sunday during business hours up to the date of the 19th Annual General Meeting.
  11. Corporate Members intending to send their authorised representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013, are requested to send a duly certified copy of the Board Resolution together with their specimen signatures authorizing their representatives to attend and vote at the AGM.
  12. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details/update E-mail ID/mandates/nominations/power of attorney/change of name/change of address/contact numbers etc. to their Depository Participants (hereinafter referred to as "DP") with whom they are maintaining their demat accounts. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd. to provide efficient and better services. Members holding shares in physical form are requested to advise such changes to RTA.
  13. **Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and ease of portfolio management. Members can contact the Company or M/s.Karvy Computershare Private Limited (RTA) for assistance in this regard.**
  14. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/DP, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
  15. In terms of Section 108 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, e-voting facility is being provided to the Members. Details of the e-voting process and other relevant details are being sent to all the Members along with the Notice.

## ANNEXURE TO NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013.

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts in respect of Item Nos.3 to 6.

## In respect of Item No. 3:

At the 16th Annual General Meeting of the Members of the Company held on 25th June, 2014, Mr. T.M.M. Nambiar, an Independent Director was appointed as such to hold office for five consecutive years. Accordingly, his tenure of appointment was valid upto 24th June, 2019. Subsequently, with effect from 29th June, 2017, Mr. T.M.M.

Nambiar has ceased to be an Independent Director consequent upon appointment of Price Waterhouse Chartered Accountants LLP as the Statutory Auditors of the Company, wherein his relative (son-in-law) is one of the partners but he does not audit the accounts of the Company. Pursuant to the provisions of Companies Act, 2013, Mr. T.M.M. Nambiar, as non-independent director, retires by rotation at the 20th Annual General Meeting of the Company, and being eligible, offers himself for re-appointment.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. T.M.M. Nambiar is aged 81 and therefore his re-appointment as a Non-Executive Non-Independent Director requires consent of the Members by way of a Special Resolution in view of the aforesaid amendment. Mr. T.M.M. Nambiar is B.Com, ACA and has vast experience of over 55 years. He was associated as President/Chairman/Member of the prestigious institutions like Cement Manufacturers Association, National Council for Cement and Building Materials and Development Council for Cement Industry, the Associated Chamber of Commerce and Industry of India, Bombay Chamber of Commerce etc. He was associated for more than 26 years with Associated Cement Company Limited, including 6 years as the Managing Director. He is active and keeps good health. Having regard to his qualifications, knowledge and experience, his re-appointment on the Board of the Company as a Non-Executive Non-Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No. 3 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. T.M.M. Nambiar is concerned or interested in the Resolution.

**In respect of Item No. 4:**

At the 16th Annual General Meeting of the Members of the Company held on 25th June, 2014, Mr. S.M. Kulkarni, an Independent Director was appointed as such to hold office for five consecutive years. Accordingly, his current tenure of appointment is valid upto 24th June, 2019.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. S.M. Kulkarni is aged 79 and therefore his continuance as an Independent Director requires consent of the Members by way of Special Resolution in view of the aforesaid amendment. Mr. S.M. Kulkarni is a BE, Fellow, Institute of Management-UK, Fellow Indian Institute of Engineers and Fellow Institute of Directors, UK. He is a Corporate and Business Advisor to several Indian and International corporate entities and has vast experience in the areas of international business, alliance management, strategic planning, corporate governance, business development, venture capital funding and education. He is active and keeps good health. In the opinion of the Board of Directors of the Company, he continues to fulfill the conditions specified in the Companies Act, 2013 for being an Independent Director. Having regard to his qualifications, knowledge and experience, his continuance on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No.4 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. S.M. Kulkarni is concerned or interested in the Resolution.

**In respect of Item No. 5:**

In the year 2016, Mr.H.A. Mafatlal, Mr.V.P. Mafatlal, their family members and the entities owned/controlled by them including the three listed entities viz. the Company, Mafatlal Industries Ltd. and NOCIL Ltd. entered into an Agreement to amicably restructure the shareholding of the three listed companies and other group companies such that the management of the Company resided with Mr.V.P. Mafatlal and the management of Mafatlal Industries Ltd. and NOCIL Ltd. resided with Mr.H.A. Mafatlal. The restructuring was part of a family settlement and succession plan between Mr.H.A. Mafatlal and Mr.V.P. Mafatlal. In accordance with this arrangement, Mr.H.A. Mafatlal stepped aside as the Executive Chairman and Director of the Company with effect from close of office hours on 19th August, 2016. Thereupon, Mr.V.P. Mafatlal who was then a non-

executive Promoter Director of the Company was appointed as the Executive Chairman of the Company. Simultaneously therewith the said Mr.V.P. Mafatlal resigned as Executive Vice-Chairman and Non-Executive Promoter Director in Mafatlal Industries Ltd. and NOCIL Ltd. respectively.

Subsequently, the Company received applications from the entities mentioned in the Resolution for reclassification of their status from "Promoter" and "Promoter Group" to "Public". The said applications were approved by the Board of Directors of the Company at the meetings held on 29th June, 2017 and 9th May, 2018.

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides a regulatory mechanism for reclassification of "Promoter" as "Public Shareholders" subject to fulfillment of conditions as provided therein. The proposed reclassification is not pursuant to Regulations 31A (5) or (6) of the aforesaid Regulations. However, as a matter of abundant precaution, it is proposed to take the approval of the Members.

The application for reclassification has been made on the following grounds:

1. The applicants do not have any special rights and there is no voting arrangement (formal or informal) with any other party.
2. Neither the applicants nor their promoters directly or indirectly exercise control over the affairs of the Company.
3. The applicants along with persons acting in concert with them do not hold more than 10% of the paid-up equity capital in the Company.
4. No regulatory action is pending against the applicants who wish to be reclassified as public.
5. The applicants and their promoters and relatives shall not act as Key Managerial Personnel of the Company.

In view of the aforesaid facts and circumstances, the Board of Directors recommend passing of the Resolution at Item No.5 of the Notice.

None of the Directors, Key Managerial Personnel and/or their Relatives is concerned or interested in the Resolution.

### In respect of Item No. 6:

In accordance with the provisions of Section 148(2) and 148(3) read with The Companies (Cost Records and Audit) Rules, 2014, the Company is required to appoint a Cost Auditor for audit of Chemical Products manufactured by the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of Mr. B. C. Desai, as the Cost Auditor for Cost Audit of chemical products for the Year 1st April, 2018 to 31st March, 2019 on a remuneration of ₹3,50,000/- (Rupees Three lakhs Fifty Thousand only) (apart from reimbursement of out-of-pocket expenses incurred for the purpose of Audit) subject to approval of remuneration by the Members.

Section 148(3) read with Rule 14 of The Companies (Audit and Auditors) Rules 2014 prescribes that the remuneration of the Cost Auditor shall be ratified by the Shareholders. Accordingly, this Ordinary Resolution is proposed for ratification by the Members.

The Board of Directors recommend passing of the Ordinary Resolution at Item No.6 of the Notice.

None of the Directors, key managerial personnel and/or their relatives is concerned or interested in the Resolution.

By Order of the Board,

Place: Mumbai  
 Dated: 14th June, 2018

**N.B. Mankad**  
 Company Secretary

### Regd. Office:

2nd floor, Sunteck Centre, 37/40, Subhash Road,  
 Vile Parle (East), Mumbai 400057.  
 Tel: 91 22 6650 9999, Fax: 91 22 6650 9800  
 E-mail: info@nfil.in, Website: www.nfil.in  
 CIN: L24110MH1998PLC115499

Particulars of the Director seeking re-appointment pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 (SS-2).

Name	<b>Mr. T. M. M. Nambiar</b> (DIN: 00046857)
Age	81 years
Date of Appointment/ Re-appointment	25th June, 2014
Brief Resume - Qualification	B.Com., A.C.A.
Expertise in Specific Functional Areas	He has a vast experience of over 55 years and was associated as President/Chairman/Member of the prestigious institutions like Cement Manufacturers Association, National Council for Cement Industry, The Associated Chamber of Commerce and Industry of India, Bombay Chamber of Commerce etc. He was also associated for more than 26 years with Associated Cement Company Ltd. including 6 years as Managing Director
Other Directorships in Listed Companies	ION Exchange (India) Ltd.
Memberships / Chairmanships of Committees in Listed Companies	Committee Membership: ION Exchange (India) Ltd. Audit Committee - Chairman Navin Fluorine International Ltd. Audit Committee - Member Nomination & Remuneration Committee:- Member
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	5,000 Equity Shares
Number of Board Meetings Attended	9

By Order of the Board

Place: Mumbai  
Dated: 14th June, 2018

**N. B. Mankad**  
*Company Secretary*

**Regd. Office:**  
2nd floor, Sunteck Centre,  
37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.  
Tel: 91 22 6650 9999, Fax: 91 22 6650 9800  
E-mail: [info@nfil.in](mailto:info@nfil.in), Website: [www.nfil.in](http://www.nfil.in)  
CIN : L24110MH1998PJ C115499

By Order of the Board

**N. B. Mankad**  
Company Secretary

2nd floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.  
Tel: 91 22 6650 9999, Fax: 91 22 6650 9800  
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CIN : I 24110MH1998PL C115499

## SUMMARISED FINANCIAL DATA

(₹ in lakhs)

Particulars		IGAAP								Ind AS	
		2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15	2015-16	2016-17	2017-18
1	Total income	42262	43723	44113	79486	53855	47850	57276	66093	79247	97668
2	Profit before depreciation, interest, exceptional items and tax	10178	13589	12313	34071	9428	9007	8996	14084	20561	30132
3	Exceptional items	(757)	-	-	-	-	-	-	-	-	-
4	Finance costs	(863)	(249)	(360)	(354)	(610)	(540)	(324)	(320)	(50)	(66)
5	Depreciation, amortisation and impairment	(1718)	(1107)	(1354)	(1773)	(1961)	(2055)	(1864)	(2092)	(2835)	(3817)
6	Profit before tax	7309	12233	10599	31944	6857	6413	6808	11672	17676	26248
7	Profit after tax	4529	7436	7164	23124	4316	5066	4938	8647	13265	17896
8	Dividend (₹ per share) #	2.00	2.80	3.00	15.00 *	3.00	3.20	3.20	4.20	6.30 **	10.00 ***
9	Earning per share (EPS) #	8.97	14.73	14.22	47.38	8.84	10.38	10.11	17.69	27.10	36.34
<b>BALANCE SHEET</b>											
10	Equity share capital	1010	1010	976	976	976	976	977	979	979	987
11	Net fixed assets	17396	17793	20491	24168	23918	23127	27029	28169	47257	34043
12	Investments	1625	85	4776	20494	24664	26294	23447	26598	31571	52188
13	Current assets (net)	10860	14455	14734	15873	13945	13779	14315	15131	5599	13158
14	Capital employed	29881	32333	40002	60536	62527	63201	64791	69898	84427	99390
15	Borrowings	5264	1136	4907	9334	8324	5700	4489	2990	-	-
16	Net worth	22902	29098	33180	48337	50946	54186	57113	63354	82352	96999
17	Book value of share of ₹ 2.00 each (₹) # (15 / no. of shares)	45.35	57.62	67.98	99.04	104.39	111.02	116.92	129.46	168.27	196.95
18	Debt/ equity ratio (14 / 15)	0.23	0.04	0.15	0.19	0.16	0.11	0.08	0.05	-	-
19	EBITDA (%) (2 / 1)	25%	31%	28%	43%	18%	19%	16%	21%	26%	31%
20	Profit after tax (%) (7 / 1)	11%	17%	16%	29%	8%	11%	9%	13%	17%	18%
21	Return on net worth (%) (PAT / Avg of opening & closing net worth)	21%	29%	23%	57%	9%	10%	9%	14%	18%	20%
22	Return on Capital Employed (%) ((PBT + finance costs) / (Avg opening & closing capital employed))	27%	40%	30%	64%	12%	11%	11%	18%	22%	29%

Figures for 2017-18 & 2016-17 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable

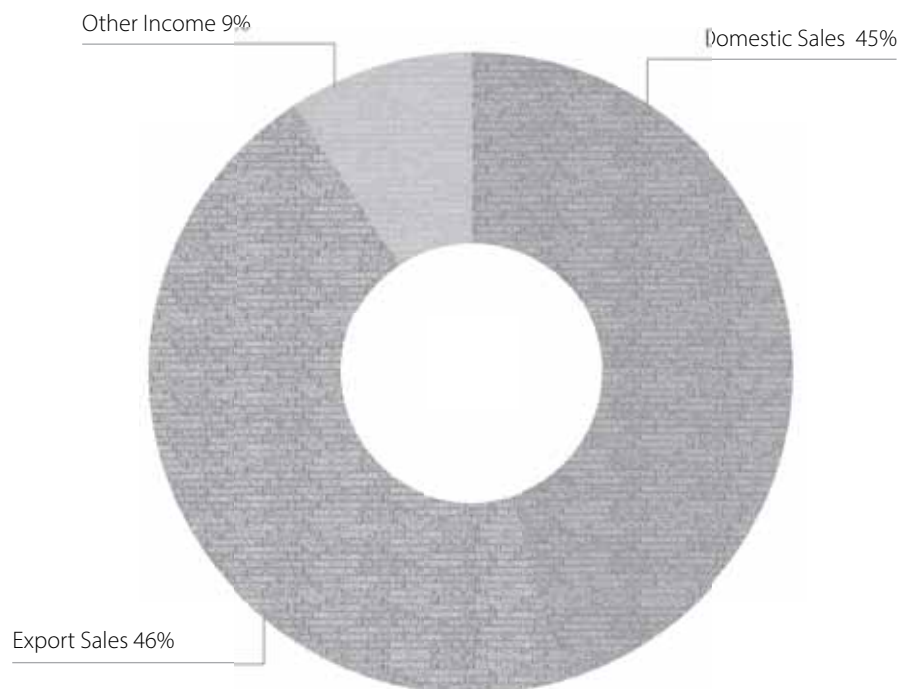
# At the 19th Annual General Meeting of the Company held on June 29, 2017, Members had passed Resolution approving sub-division of shares in the ratio of 5 Equity Shares of ₹ 2/- each for every 1 Equity Share of ₹ 10/- each. The record date for the aforesaid sub-division was July 20, 2017. The figures for the period 2008-9 to 2015-16 have been calculated based on the face value of ₹ 2/- per equity share, to make the numbers comparable.

\* including special dividend of ₹ 12.00

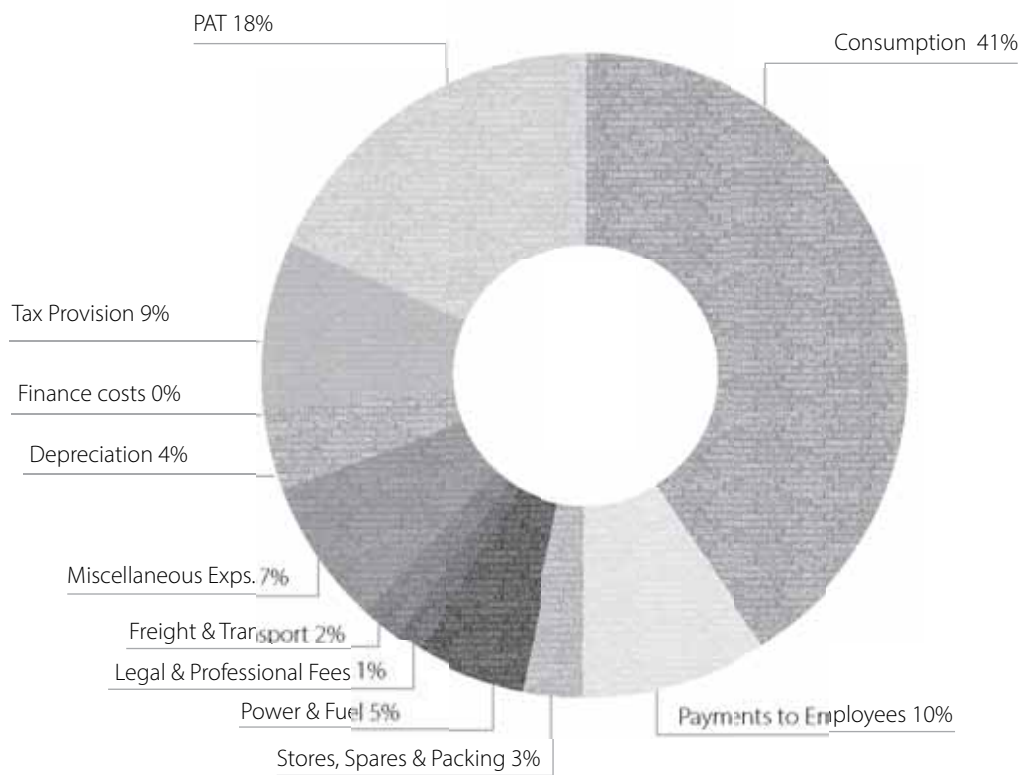
\*\* including special dividend of ₹ 1.50

\*\*\* including special dividend of ₹ 3.00

### Rupee Earned (%)



### Rupee Spent (%)



# DIRECTORS' REPORT

To,

**The Members**

**Navin Fluorine International Limited**

Your Directors are pleased to present the 20th Annual Report together with the audited accounts for the year ended March 31, 2018.

## 1. FINANCIAL AND OPERATIONAL HIGHLIGHTS

(₹ in lakhs)

	2017-18	2016-17
Revenue from Operations	88,606	73,680
Other income	9,062	5,568
<b>Profit before Depreciation, Finance Costs, and Taxation</b>	<b>30,132</b>	<b>20,561</b>
less: Depreciation	3,817	2,835
Finance Costs	66	50
<b>Profit before Taxation</b>	<b>26,248</b>	<b>17,676</b>
Less: Tax Expense	8,352	4,411
<b>Profit for the year</b>	<b>17,896</b>	<b>13,265</b>
add: Surplus brought forward from the previous year	57,540	47,823
<b>Amount available for appropriation</b>	<b>75,436</b>	<b>61,088</b>
<b>Appropriation:</b>		
Other Comprehensive Income/(Loss)*	(68)	(72)
Payment of dividends (including tax)	(3,560)	(3,476)
<b>Surplus carried to Balance Sheet</b>	<b>71,808</b>	<b>57,540</b>

\*Remeasurement of (loss)/gain (net) on defined benefit plans, recognised as part of retained earnings.

**Note:** Figures are regrouped wherever necessary to make the information comparable

## 2. DIVIDEND

The Company paid an interim dividend of ₹3.40 per share on 493,45,560 equity shares of nominal value of ₹2/- each, aggregating to ₹1,677.75 lakhs in the month of October 2017. The Board of Directors is pleased to recommend a final dividend for the year of ₹3.60 per share on 493,50,810 equity shares of nominal value of ₹2 each, aggregating to ₹1,776.63 lakhs and a special dividend for the year, on completion of 50 years of business, of ₹3.00 per share on 493,50,810 equity shares of nominal value of ₹2 each, aggregating to ₹1,480.52 lakhs.

## 3. SUB-DIVISION OF FACE VALUE OF EQUITY SHARES

At the 19th Annual General Meeting of the Company held on June 29, 2017, Members had passed Resolution approving sub-division of shares in the ratio of 5 Equity Shares of ₹ 2 each for every 1 Equity Share of ₹ 10 each. The record date for the aforesaid sub-division

was July 20, 2017. Accordingly, the face value of equity shares of the Company stands reduced to ₹2/- per share.

## 4. YEAR IN RETROSPECT

The Operating Profit for the year increased by 42% over that of the previous year. EBITDA for the year reached ₹30,132 lakhs, up from ₹20,561 lakhs in FY2016-17, a growth of 47% year on year. EBITDA Margin for the year was 31%, up from 26% in FY2016-17, an expansion of 500 basis points. Profit before tax (PBT) increased by 48% from ₹17,676 lakhs in FY2016-17 to ₹26,248 lakhs during the year under review. Profit after tax (PAT) at ₹17,896 lakhs in the current year recorded an increase of 35% from ₹13,265 lakhs in FY2016-17.

The key driver for the profit growth has been better market penetration leading up to higher volumes, greater capacity utilisation and dynamic pricing. During the year the net turnover reached a





Organics Limited (MOL) in the UK. The integration with MOL has also worked well and helped gain a higher share in the CRAMS universe of fluorinated molecules.

The Company's business relating to manufacture and sale of Specialty Fluorochemicals at Dahej was transferred to Convergence Chemicals Private Limited, a joint venture between the Company and Piramal Enterprise Limited, with effect from December 1, 2017, on a going concern basis by way of slump sales together with all the identified assets, liabilities, consents, permissions, services of employees etc. Revenue from operations of this business till November 30, 2017 was ₹5568 lakhs (previous year ₹1,578 lakhs), which are included in the results.

Through the year, the technology teams worked relentlessly to improve productivity, quality and costs of various products to offer a competitive marketing edge to the businesses on one hand and flexibility of sourcing to the supply chain team on the other. Continuous focus on improving operating efficiencies across manufacturing and supply chain applications, during the year, have helped the Company improve its margins and secure deeper penetration in the market. The top-line growth coupled with higher capacity utilisation, helped in better absorption of overheads, contributing to improvements in the operating margins.

During the year a conservative inventory policy was followed in order to remain closer to the market prices of all the raw materials and access the resultant movement in the finished product prices.

The receivables and inventories management have been an area of key management attention and are in line with the scope and scale of operations and the levels were well within acceptable industry norms.

The Company sustained its good financial health with a sizeable treasury income. The Company has maintained its credit rating at 'CARE AA', indicating high degree of safety with respect to timely servicing of financial obligations and very low credit risk, for borrowings with a tenure of more than one year. The rating for short-term facilities of tenure less than one year, has been maintained at 'CARE A1+', indicating very strong degree of safety with respect to timely servicing of its short term financial obligations and lowest credit risk. During the year the Company maintained 'CARE A1+' rating for issuance of Standalone Commercial Papers, to the extent of ₹6,000 lakhs.

The Company is fully committed towards its responsibilities in health, safety and environmental (HSE) management and has continued to make sizeable investments in HSE during the year, across all its locations. The Company is amongst very few Corporates in the country who has 'Responsible Care' accreditation from the Indian

Chemical Council. 'Responsible Care' is the chemical industry's unique global initiative that drives continuous improvement in health, safety & environment performance together with open and transparent communications with stakeholders. The logo is awarded in recognition of a company's commitment to sustainability. Our Responsible Care accreditation was reaffirmed for another period of three years starting from January 2018.

During the year, the Company has been declared a winner in the Chemical Industry Category-II "Excellence in Management of Health and Safety" by Indian Chemical Council, exemplifying the Company's commitment towards HSE

## 5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has five subsidiaries and two Joint Ventures:

- (i) Sulakshana Securities Limited (SSL), an entity created to settle dues of the term lenders of Mafatlal Industries Limited (MIL), remained a wholly-owned subsidiary of the Company. After settling all the third-party dues, SSL was left with 1,455 Sq. Mtrs of commercial floor space in Mafatlal Centre, Nariman Point, Mumbai and a significant portion of this property has been leased out on contemporary terms. SSL is utilizing its current cash flows to repay its debt to the Company. During the year, ₹330 lakhs has been repaid by SSL and its current outstanding to the Company is ₹1,049 lakhs.
- (ii) The Company owns 100% of Manchester Organics Limited (MOL), a specialised chemicals research company in Runcorn, U.K., holding 51% of the ordinary voting shares of MOL directly and the balance 49% through NFIL (UK) Ltd., a 100% step-down subsidiary created for the purpose. During the year MOL reported turnover of £4674K and net profit of £265K. MOL declared a final dividend of £75K.
- (iii) A 100% subsidiary, NFIL (UK) Ltd was formed in the UK to acquire the balance shareholding of 49% from the shareholders of Manchester Organics Ltd. During the year, the Company made further infusion of £1625K into NFIL (UK) Ltd., which has been utilised to service the HDFC Bahrain Term Loan taken by NFIL (UK) Ltd. to part finance the 49% acquisition of MOL.
- (iv) A step-down subsidiary, NFIL USA Inc. was formed during the year, as a 100% subsidiary of NFIL (UK) Ltd. The primary objective of formation of this Company was to increase the market penetration in US of the CRAMS business and attracting appropriate talent as and when the business needs expansion.
- (v) Navin Fluorine (Shanghai) Co. Ltd. (which is a wholly owned foreign enterprise under Chinese Laws) was incorporated with a view to have a strategic presence closer to the source

- (vi) The Company has subscribed to 25% of the initial equity share capital of Swarnim Gujarat Fluorspar Private Limited. It is a Joint Venture (JV) with Gujarat Mineral Development Corporation Limited (GMDC) and Gujarat Fluorochemicals Limited (GFL) formed for the purpose of beneficiation of fluorspar ores to be supplied by GMDC from its mines. The entire quantity of the finished product viz. acid grade fluorspar will be bought out by the Company and GFL. This is a feedstock de-risking initiative for long term fluorspar supply assurance, the most critical raw material of the Company. During the year various matters affecting overall costing of the project and product were discussed threadbare between the partners. This will help the partners to initiate the project related activities during the coming financial year.
- (vii) The Company has entered into a Joint Venture (JV) agreement with Piramal Enterprises Limited (PEL) and accordingly a company by the name of Convergence Chemicals Private Limited (CCPL) has been formed to leverage the Company's capability in niche fluorination chemistry and deep outreach of the JV partner in the healthcare space. PEL holds 51% and the Company owned 49% of the equity share capital of CCPL. During the year, Company's business relating to manufacture and sale of Specialty Fluorochemicals at Dahej was transferred to Convergence Chemicals Private Limited, with effect from December 1, 2017, on a going concern basis by way of slump sales together with all the identified assets, liabilities, consents, permissions, services of employees etc.

The financial position of each of the said seven Companies is given in the Notes to Consolidated Financial Statements.

The accounts of all the above subsidiaries and joint ventures have been considered in the consolidated financial results of the Company

The Company does not have any material subsidiary. Policy on material subsidiary is available on weblink <http://www.nfil.in/policy/index.html>

The audited accounts of the subsidiary companies are placed on the Company's website and the same are open for inspection by any member at the Registered Office of the Company on any working day between 2.00 p.m. and 4.00 p.m. and the Company will make available a copy thereof to any member of the Company who may be interested in obtaining the same.

As required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, management discussion and analysis and corporate governance report are annexed as **Annexure 1** and **Annexure 2** respectively to this Report.

As required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance prospective, in the prescribed form is annexed as **Annexure 3**.

At Navin Fluorine International Ltd. (a part of Padmanabh Mafatlal Group), fulfilling CSR is a way of life. It is a legacy coming down from the same value tree, the lineage of Late Mr.A.N. Mafatlal who inspired implementation of a range of CSR activities over the last fifty years, in areas like poverty alleviation, healthcare, education, women's welfare etc. in rural India, The Company will continue to follow the path by contributing to social welfare and nation development.

Pursuant to the provision of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a CSR Committee. Mr. S.G. Mankad is the Chairman of the Committee and Mr.H.H. Engineer and Mr. V.P. Mafatlal are the other members of the Committee. The CSR Policy formulated by the Board based on the recommendations of the CSR Committee is available on weblink <http://www.nfil.in/policy/index.html>

The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Act is ₹223.98 lakhs and the Company has spent ₹296.52 lakhs during the current financial year (as against ₹302.08 lakhs during the previous year). Thus, the Company has spent more amount on CSR activities than legally mandated. The requisite details on CSR activities pursuant to Section 135 of the Act and as per Annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as **Annexure 4** to this Report.



## 9. INDUSTRIAL RELATIONS

The relationship with the workmen and staff remained cordial and harmonious during the year and the management received full cooperation from the employees.

The Company continues to focus on extensive training and developmental activities and efficiency and quality improvement initiatives. The total number of employees as on March 31, 2018 was 684.

## 10. INSURANCE

The properties and insurable assets and interests of the Company, like building, plant and machinery and stocks, among others, are adequately insured.

## 11. EMPLOYEE STOCK OPTION SCHEME

At the last Annual General Meeting of the Company held on June 29, 2017, the Members had approved grant of options to the eligible employees of the Company and its Subsidiaries upto a maximum of 5% of the Issued and Paid-up Capital of the Company from time to time.

During the year 58830 Stock Options were granted to the employees. Pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time, the details of stock options as on March 31, 2018 are annexed as **Annexure 5** to this Report.

## 12. DIRECTORATE

Pursuant to the provisions of Section 149 (6) of the Act, Mr. T. M. M. Nambiar has ceased to be an Independent Director with effect from June 29, 2017 consequent upon appointment of Price Waterhouse Chartered Accountants LLP as Statutory Auditors of the Company wherein his relative (son-in-law) is one of the Partners but he does not audit the accounts of the Company. Pursuant to the provisions of the Act, Mr. T.M.M. Nambiar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## 13. CHANGES IN KEY MANAGERIAL PERSONNEL

Mr. Sitendu Nagchaudhuri, the Chief Financial Officer of the Company has tendered his resignation, with effect from close of business hours on June 15, 2018, to pursue his career interests beyond the Company. The said resignation has been accepted by the Board of Directors. Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors has decided to appoint Mr. Ketan Sablok, who is currently Vice-President Finance, as the Chief Financial Officer of the Company with effect from June 16, 2018. Mr. Sablok is a Chartered Accountant and a Cost Accountant. He joined the Company in 1997

and has worked across various facets of finance, accounting, MIS, Systems Design and Integration, Business Planning and Analysis and Acquisition in the last 21 years of his tenure with the Company.

## 14. EXTRACT OF THE ANNUAL RETURN

Extract of the Annual Return for the Financial Year ended on March 31, 2018 as required by Section 92(3) of the Act and Rule 12(1) of the Companies (Management & Administration) Rules, 2014 is Annexed as **Annexure 6** to this Report.

## 15. NUMBER OF BOARD MEETINGS

During the year the Board of Directors met nine times. The details of the Board Meetings are provided in the Corporate Governance Report.

## 16. DIRECTORS RESPONSIBILITY STATEMENT

As required under the provisions of Section 134 of the Act, your Directors report that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts on a going concern basis.
- (e) The Directors have laid down internal financial controls (as required by Explanation to Section 134(5)(e) of the Act) to be followed by the Company and such internal financial controls are adequate and are operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of applicable laws and such systems are adequate and operating effectively.

## 17. DECLARATION BY INDEPENDENT DIRECTORS

Mr. P.N. Kapadia, Mr. S.S. Lalbhai, Mr. S.M. Kulkarni, Mr. S.G. Mankad, Mr. H.H. Engineer and Mrs. R.V. Haribhakti are independent in terms of Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has received requisite declarations/confirmations from all the above Directors confirming their independence.





view that performance of the Board of Directors as a whole was satisfactory.

### Committees of the Board

The performance of the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee was evaluated by the Board having regard to various criteria such as committee composition, committee processes, committee dynamics etc. The Board was of the unanimous view that all the committees were performing their functions satisfactorily and according to the mandate prescribed by the Board under the regulatory requirements including the provisions of the Act, the Rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Individual Directors

- (a) Independent Directors: In accordance with the criteria suggested by The Nomination and Remuneration Committee, the performance of each independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like qualification, experience, availability and attendance, integrity, commitment, governance, independence, communication, preparedness, participation and, value addition. The Board was of the unanimous view that each independent director was a reputed professional and brought his/her rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.
- (b) Non-Independent Directors: The performance of each of the non-independent directors (including the Chairperson) was evaluated by the Independent Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. Various criteria considered for the purpose of evaluation included qualification, experience, availability and attendance, integrity, commitment, governance, independence, impartiality, communication, business leadership, people leadership, meeting conduct, preparedness, participation, transparency and investor relations and value addition. The Independent Directors and the Board were of the unanimous view that each of the non-independent directors was providing good business and people leadership.

## 28. DEPOSITS

The Company has not accepted or continued any public deposits as contemplated under Chapter V of the Act.

## 29. DISCLOSURE UNDER SECTION 197(12) AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc. as stipulated under the above Rules are annexed as **Annexure 9** to this Report.

## 30. DISCLOSURE UNDER RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The requisite details relating to the remuneration of the specified employees covered under the above Rules are annexed as **Annexure 10** to this Report.

## 31. ORDERS BY REGULATORS, COURTS OR TRIBUNALS

No significant and/or material orders were passed by any regulator or court or tribunal impacting the going concern status and the Company's operations in future.

## 32. INTERNAL FINANCIAL CONTROLS

The existing internal financial controls are commensurate with the nature, size, complexity of operations and the business processes followed by the Company. They have been reviewed and found satisfactory by the Management on the following key control matrices:

- a. Entity level controls;
- b. Financial controls; and
- c. Operational controls

Which included authority and organisation matrix, standard operating procedures, risk management practices, compliance framework within the organisation, ethics and fraud risk management, management information system, self-assessment of control point, business continuity and disaster recovery planning and budgeting systems.

## 33. AUDITORS

At the 19th Annual General Meeting held on June 29, 2017, the Members approved appointment of M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No.012754N/N500016) to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the 24th Annual General Meeting (subject to ratification of the appointment by the Members, at every Annual General Meeting held after the 19th Annual General Meeting) on such remuneration as may be fixed by the Board apart from reimbursement of out of pocket expenses as may be incurred by them for the purpose of audit.

On May 7, 2018, Section 40 of the Companies Amendment Act, 2017 (amending Section 139 of the Companies Act, 2013) has been notified whereby ratification of Statutory Auditor's appointment is not required at every Annual General Meeting. Accordingly, resolution for ratification of appointment of Statutory Auditors is not proposed.

### 34. COST AUDITORS

As per the requirements of Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014, the Audit of the Cost Accounts relating to Chemical products is being carried out every year. The Board of Directors have based on the recommendation of the Audit Committee appointed Mr. B.C. Desai, Cost Auditor, Ahmedabad (Membership No.M-1077) to audit the cost accounts of the Company for the year 2018-19 from April 1, 2018 to March 31, 2019 on a remuneration of ₹3,50,000/-. As required under the Act, necessary resolution seeking Member's ratification for the remuneration payable to Mr. B.C. Desai is being included in the Notice convening the 20th Annual General Meeting. The Cost Audit Report in respect of Financial Year 2017-18 will be filled on or before the due date i.e. September 27, 2018.

### 35. APPRECIATION

The Directors wish to place on record their appreciation of the devoted services of the employees, who have largely contributed to the efficient management of your Company. The Directors also place on record their appreciation for the continued support from the shareholders, the lenders and other associates.

For and on behalf of the Board,

**V.P. Mafatlal**

*Chairman*

(DIN:00011350)

Place: Mumbai

Dated: May 9, 2018

#### Regd. Office:

2nd floor, Sunteck Centre,  
 37/40, Subhash Road, Vile Parle (East),  
 Mumbai 400057.  
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 CIN: L24110MH1998PLC115499

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economic overview

In 2017, a decade after the global economy spiraled into a meltdown, a revival became visible. Every major economy expanded and a growth wave created jobs. This reality was marked by ongoing Euro-zone growth, modest growth in Japan, late revival in China and improving realities in Russia and Brazil leading to an estimated

3.7% global economic growth in 2017, some 60 bps higher than the previous year.

Crude oil prices increased in 2017, the prices at the beginning of the year being \$54.13 per barrel, declining to a low of \$46.78 per barrel in June 2017 and closing the year at \$61.02 per barrel, the highest since 2013.

## Global economic growth for 6 years

Year	2014	2015	2016	2017 (e)	2018 (f)	2019 (f)
Real GDP Growth (%)	3.5	3.2	3.1	3.7	3.9	3.0

[Source: World Economic Outlook, January 2018] e: estimated f: forecasted

**A review of the various national economies is provided below:**

**The US:** The world's largest economy entered its ninth straight year of growth in 2017 (2.3% compared to 1.6% in 2016) catalysed by the spillover arising out of government spending by the previous administration coupled with US\$1.5 trillion worth of tax cuts stimulating investments. Private consumption continued to grow at a robust pace from 1.5% in 2016 to 2.2% in 2017.

**Euro zone:** This region experienced the upside arising out of cheap money provided by the central bank. In 2017, Euro zone is estimated to grow 2.4% compared with 1.8% in 2016, the broad-based growth visible in all Euro-zone economies and sectors. (Source: WEO January 2018).

**China:** TThe Chinese economy grew faster than expected in the fourth quarter (October to December) of 2017 at 6.8%, aided by a recovery in exports. This helped China celebrate its first annual growth in seven years. For the full year, China's growth is estimated at 6.9%, its highest since 2010. Private firm investments rose grew at 6% in 2017 from 3.2% in 2016. Disposable income growth picked up to 7.3% in 2017 from 6.3% in 2016. Consumption should outpace investment and demand for services could remain strong (52% of economic output). China's exports rose 6.9% from the previous year to \$188.98 billion in October 2017. (Source: WEO, NBS data)

**Emerging Asia:** Emerging Asia GDP was estimated at 6.5% in 2017. Cambodia, Laos and Myanmar are projected to grow the fastest in the ASEAN, while Philippines and Vietnam are expected to lead growth in ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam). The region is being driven by infrastructure spending and stable economies.

**GCC:** GCC countries were affected by the oil price decline (~60% since 2013), resulting in macro-economic instability that affected job creation and growth. GDP growth remained subdued at 1.8% in 2017 despite efforts to boost the non-oil private sector economy. Regional growth is projected to increase steadily after 2017 to 3% in 2018 and 3.2% by 2020, following acceleration among oil exporters and importers, moderated geopolitical tension and rise in oil prices. (Source: World Bank)

**Russia:** The economy appeared to have exited a two-year recession that, thanks to the authorities' effective policy response and existence of robust buffers, proved shallower-than-past downturns. In 2017, Russia was estimated to grow 1.9% following negative growth of 0.6% in 2016 (WEO) and a projected GDP growth of 1.8% in 2018. (Source: MOMR)

**Brazil:** In 2017, Brazil grew at 1.1% following 3.5% in 2016. The recovery in the GDP was boosted mainly by the agricultural sector, which grew by 13%. According to the Brazilian Institute of Geography and Statistics (IBGE), a decline in inflation 3.5% in 2017 as compared to 8.7% in 2016) contributed to economic growth.

## Outlook

The outlook for advanced economies improved, notably for the Euro area, but in many countries inflation remained weak, indicating that slack was yet to be eliminated and prospects for growth in GDP per capita were held back by weak productivity growth and rising old-age dependency ratios. Global growth forecasts for 2018 and

2019 were revised upward by 20 bps to 3.9%, reflecting improved momentum and the impact of tax policy changes in the US. (Source: WEO, IMF)

## Indian economic overview

After registering GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for slower growth estimated at 6.7% in 2017-18. Even at this lower growth for 2017-18, GDP growth averaged 7.3% for the period 2014-15 to 2017-18, achieved through lower inflation, improved current account

balance and reduction in fiscal deficit to GDP.

The year under review was marked by various structural reforms by the Government. In addition to GST introduction, the year witnessed significant resolution of problems associated with bank non-performing assets, FDI liberalisation, bank recapitalisation and privatisation of coal mines. After remaining in negative territory for a couple of years, export growth rebounded during 2016-17 and strengthened in 2017-18; foreign exchange reserves rose to US\$ 414 billion as on January 2018. (Source: CSO, economic survey 2017-18)

## Estimation for the FY2017-18 Vs FY 2016-17

	2017-18*	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Power and Gas growth	7.3%	6.5%
Mining growth	3%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, Defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

\*\*Estimated

(Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=163287>)

## Key government initiatives

World Economic Forum's Global Competitiveness Report 2017 ranked India at an impressive 23 in the Global Competitiveness Index from 39 in 2016. Demonetisation dampened short-term growth, but this could prove beneficial across the long-term.

### Some government initiatives comprised:

**Bank recapitalisation scheme:** The Central Government announced a capital infusion of ₹2.1 lakhs cr in public sector banks.

**Expanding road network:** The Government of India announced a ₹6.9 lakhs crore investment to construct 83,677 kilometres of roads across five years.

**Improving ecosystem:** The country was ranked at the hundredth position, an improvement of 30 places in the World Bank's Ease of

Doing Business 2017 report, a result of the Central Government's pro-reform agenda, comprising measures like the passing of Insolvency and Bankruptcy Code, simplifying tax computation and merging applications for PAN and TAN. In addition, Aadhaar-based identification approach could streamline the regulatory regime. (Source: KPMG)

**Goods and Services Tax:** The Government of India launched GST in July 2017 with the vision of creating a unified market. Under this regime, various goods and services are taxed as per five slabs (28%, 18%, 12%, 5% and zero tax).

**Foreign Direct Investment:** Foreign direct investment increased from approximately US\$24 billion in FY2012 to approximately US\$60 billion in FY2017, an all-time high.

**Coal mining opened for private sector:** Ending state monopoly, the government opened coal mining to private sector firms for commercial use, the most ambitious sectoral reform since nationalisation in 1973. Coal accounts for around 70% of the country's power generation, and the move for energy security through assured coal supply is expected to attract major players, enhance sectoral efficiency, widen competition, increase competitiveness and induct best technologies.

**Doubling farm incomes:** The government initiated a seven-point action plan to double farm incomes by 2022.

### Outlook

World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and services are expected to support economic activity. Private investment is expected to revive as soon as the corporate sector adjusts to GST. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector Balance Sheets, enhance credit availability and spur investment. (Source: IMF, World Bank)

### Global fluorochemicals industry overview

The global fluorochemicals market is spread across five key regions, which include Europe, the Asia Pacific, Latin America, North America, Africa and the Middle East. The market is expected to increase with a healthy CAGR of 5.3% during the forecast period from 2016 to 2025 and reach a valuation of US\$26.71 billion by 2025. Of all these regions, Asia Pacific is predicted to report the maximum growth in the next few years, reaching ~US\$15.21 billion by end-2025. Other markets such as the Middle East, Africa and Latin America are also expected to clock high growth during the same period. One of the foremost growth drivers for the global fluorochemicals market was the rising demand for refrigerants required for HVAC applications as well as for the food and beverages sector. The various advantages offered by fluorocarbons (anti-corrosive nature, high electrical insulation, resistance to chemicals and heat, among others) coupled with the technological advancements being made in terms of extraction from raw materials (acidspar and metspar) caused prices to fall. The Asia Pacific countries reported the highest revenue growth, ideally located for setting up industries and exporting raw materials for processing. (Source: Globe News Wire, GM Insights)

### Outlook

The global fluorocarbons output is anticipated to exceed 2.2 million tonnes by 2024, with valuations reaching US\$ 31.21 billion. With key players laying a keen emphasis on bolstering product portfolios, the global fluorochemicals market has become saturated, especially in North America and Europe. Most manufacturers are striving hard to

match the endless demand for fluorochemicals. Several businesses are shifting their focus towards the emerging economies of the Asia Pacific, the Middle East and Africa. The inorganic and specialty fluorochemicals market could surpass US\$10 billion by 2024, driven by a steadily escalating demand for sodium fluoride. (Source: Globe News Wire, GM Insights, Grand View Research)

### Indian fluorochemical industry overview

The Indian fluorochemical market is closely linked with the developments of the country's automobile, air conditioning and refrigeration, construction, cold storage and pharmaceutical segments. The pharmaceutical segment emerged as one of the key drivers of the industry.

The long-term Indian prospects for fluorochemicals remain strong in India owing to under-penetration of most of the end-use products like air conditioners, automobiles, cold storages, refrigerated transport and pharmaceuticals, among others. Besides, India being a tropical country, the demand for air conditioning and refrigeration is not expected to subside any time soon. ~55% of the market demand in India is for hydrochlorofluorocarbons, while the balance is for hydrofluorocarbons. However in recent times there has been a gradual shift in preference towards hydrofluorocarbons following a number of product launches and stiffening environmental regulations.

### Indian specialty chemicals industry overview

The Indian specialty chemicals sector witnessed revenues growing at a rate of ~11% y-o-y for the nine-month-period, ending 31st December 2017. The increase in volumes was primarily on account of a shift in raw material supply sources. The Central Government's 'Make in India' programme enhanced the competitiveness of the chemicals sector by de-licensing manufacturing for most chemicals and permitting 100%-FDI. (Source: IIFL, CII)

### Outlook

The specialty chemicals industry is expected to reach US\$70 billion by 2020 from US\$25 billion in 2015. This rapid growth is being sustained by the convergence of a number of factors: a greater compliance with environmental norms, stronger IPR regulations and a growing pool of knowledgeable sectoral personnel. The coming together of these elements brightened the long-term prospects for major Indian firms, inspiring them towards capacity-building and helping them grow bigger. (Source: CII)

### Opportunities

Fluorochemicals generate a lot of demand from the pharmaceutical industry owing to non-flammable properties. The automobile industry is gradually moving towards usage of light-weight



## 2. Inorganic fluorides

Revenues earned during FY2017-18: ₹14823 lakhs

NFIL's inorganic portfolio caters to several key sectors such as steel, glass, oil & gas, abrasives, electronic products, pharmaceutical drugs and agrochemical intermediates among others.

FY2017-18 proved to be a watershed for the inorganic fluorides vertical, as we recorded our highest-ever revenue growth (in terms of both value and volume). The demand for Hydrogen Fluoride

within Indian and international markets remained high. China's inability to cater to global requirements of various inorganic chemicals helped improve our global footprint. We entered new partnerships in Europe and signed several new customers. We utilised our capacities optimally during this year.

The Company will continue to focus on increasing its product portfolio and strengthening relationships with international customers.

### 3. Specialty chemicals

Revenues earned during FY2017-18: ₹22579 lakhs

NFIL's specialty chemicals business is engaged in manufacturing niche fluorine-based molecules for downstream use in the pharmaceuticals, agrochemicals and chemicals industries.

During the year FY 2017-18, our specialty business continued to face challenges. The performance remained static and below

expectations. The global agrochemicals sector continued to face headwinds, which affected commercialisation of our product pipeline. We continue to review the research pipeline ensuring that we launch products relevant to industry needs. Our product pipeline is directed more towards the pharma sector. The potential for specialty chemicals is good and we are confident that this business will be back on the growth path.

#### 4. Contract research and manufacturing services (CRAMS)

Revenues earned during FY2017-18: ₹25746 lakhs

Leveraging our decades-long experience in fluorination chemistries, NFIL forayed into the global pharmaceutical and agrochemicals segment (scale-up and small and large batch manufacturing) in 2010 to move up the value chain.

During the year under review, we were able to build further on our fast growing CRAMS business. Our integrated CRAMS operations and business development teams within India, UK and USA were able to attract new customers while holding on to our existing relationships. Based on our growth expectations, the Board approved an investment of ₹115 cr to build one more plant at The

Dewas site, which will be operationalised in 2019-20. The expanded capacity would be utilised for meeting the incremental demand emanating from the value-added complex chemicals and fluoro-intermediates niches. The new capacity addition will be synced with the Company's existing multi-product plant configurations with multi-stage batches and processing capabilities.. During the year, our Dahej operation was transferred to Convergence Chemicals Private Limited, a joint venture between the Company and Piramal Enterprise Limited, with effect from 1st December 2017, on a going concern basis by way of slump sales together with all identified assets, liabilities, consents, permissions, services of employees etc. Revenue from operations of this business till 30th November 2017 was ₹5568 lakhs.

## Health, safety and environment

The Company is fully committed to its responsibilities in health, safety and environmental (HSE) management and continued to make sizable investments in HSE during the year. The Company is among few corporates in the country with 'Responsible Care' accreditation from the Indian Chemical Council. 'Responsible Care' is the chemical industry's unique global initiative that drives continuous improvement in health, safety & environment performance together with open and transparent communication with stakeholders. Our Responsible Care accreditation was extended for three years.

## Opportunities and threats

The Company is poised to exploit emerging market opportunities and is continuously driving its research and innovation, which act as catalytic agents in realising its aspirations.

- Fluorine molecule continues to maintain its criticality in the development of new molecules in the life sciences sector i.e. the pharmaceuticals and agrochemicals. In the refrigeration sector, while new generation of molecules are replacing older ones, most molecules continue to have Fluorine in their structure
- The Company's positioning in the fluoro-specialties space is strong; this niche business with high entry barriers provides the necessary protection from competitive threats
- Strong reputation as a reliable provider of fluorinated chemicals and established presence among major pharmaceutical and agrochemicals producers provides an additional edge
- Significant investments made in Research & Development, CRO and CRAMS, provide the launching pad to synthesise value-added molecules alongside innovator companies, finally migrating to full-fledged manufacture of high-potential compounds.

- China's inability to meet market demand would result into customers looking at sustainable sourcing from India.

**The threats closely monitored by the Company comprise:**

- a. Currency volatility
- b. Unpredictable pricing policies of Chinese competitors in some of our products.
- c. Increasing urbanisation around our plant at Surat.
- d. Emergence of alternative molecules against our key products.

**Financial statement analysis**

**The Company's key financial highlights are mentioned below:**

- Total income increased by 23% from ₹79247 lakhs in 2016-17 to ₹ 97668 lakhs
- Profit before tax increased by 48% from ₹17676 lakhs in 2016-17 to ₹ 26248 lakhs
- Net profit increased by 35% from ₹13265 lakhs in 2016-17 to ₹17896 lakhs
- The Company reported an EPS of ₹36.34 in 2017-18 compared to ₹ 27.10 in 2016-17

**Risk management**

At NFIL, we realise the need to better understand, anticipate, evaluate and mitigate business risks in order to minimise their impact on our business.

Our risk management programme is aligned with our business strategy, process, technology, people, culture and governance.

The Company's fundamental approach to risk management remains the same:

- Forward-looking approach to identify and measure risks
- In-depth knowledge of the business and competitors
- Diligence in risk identification and management

The Company's structured risk management programme safeguards the organisation from various risks through adequate and timely action. The objectives of the Company's risk management framework comprise the following:

- To identify, assess, prioritise and manage existing as well as emerging risks in a planned and cohesive manner
- To increase the effectiveness of the internal and external reporting structure
- To develop a risk culture that encourages employees to identify risks and associated opportunities, responding to them with appropriate timely actions.

The Company prioritises risks and each risk is attached with a designated owner, who monitors the likelihood of occurrence, the probable impact on the business and implementation of a risk mitigation programme. The progress is reviewed along with the regular management review process.

**Human resources**

The Company has always believed that any company is as good as its employees and henceforth has always been proactive with respect to human resource development activities.

Many new initiatives were taken during the year under review to develop skill sets and personality through various programmes aimed at young talent in the Company. Various initiatives to maintain employee mental and physical health were conducted. With NFIL's people retention rate better than the most in the industry, we can say that our initiatives have been awarding us well. There were cordial and harmonious industrial relations during the year. About 31 employees were awarded 25-year long service awards.

The Company had 684 employees as on 31st March, 2018.

**Internal control systems and their adequacy**

The internal control systems of the Company are effective and adequate for business processes with regards to efficiency of the operations, compliance with applicable laws and regulations, financial reporting and controls, among others, that are commensurate with the size and complexities of the operations. These are regularly tested for their effectiveness by the statutory as well as the internal auditors.

All the Company's major business processes are currently run on SAP ECC 6. The internal control systems have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information. An independent firm of chartered accountants carries out the internal audit across the organisation including Manchester Organics Limited, the UK-based subsidiary of the Company. The internal auditors review the adequacy, integrity and reliability of the internal control systems and suggest improvements in its effectiveness. The internal audit team conducts extensive reviews covering financial, operational and compliance controls and risk mitigation. Process improvements identified during the reviews, are communicated to the management on an on-going basis. Significant observations made by the internal auditors and the follow up actions thereon are reported to the Audit Committee. The Audit Committee monitors the implementation of the audit recommendations.

For and on behalf of the Board,

**V.P. Mafatlal**

*Chairman*

(DIN:00011350)

Place: Mumbai

Dated: May 9, 2018

**Regd. Office:** 2nd floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East), Mumbai 400057.

Tel: 91 22 6650 9999, Fax: 91 22 6650 9800, E-mail: info@nfil.in, Website: www.nfil.in

CIN: L24110MH1998PLC115499

## ANNEXURE-2

# CORPORATE GOVERNANCE REPORT

## 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders' interest. This is precisely what your Company's governance process and practice ventured to achieve; a transparency and professionalism in action as well as the implementation of policies and procedures to ensure high ethical standards as well as responsible management.

To enunciate the spirit behind the governance process, your Company listed out its various compliances with the statutory requirements of the day, as well as the spirit of the practice.

## 2. COMPOSITION OF THE BOARD OF DIRECTORS

As on 31st March, 2018, your Company's Board of Directors consisted of Ten Directors with varied experiences in different areas. Some of them are acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. V.P. Mafatlal, the Chairman of the Company, heads the Board. The Board comprises of one Executive Promoter Director, one Executive Professional Director, two Non-Executive Non-Independent Directors and six Independent Directors.

Sr. No.	Names of Directors	Category (Executive / Non-Executive)	Number of Board Meetings attended	Whether last AGM held on 29th June 2017 attended	Other directorships held (including in private companies at the year-end)	\$ Number of Committee Membership / Chairmanship in other domestic companies as at the year end
1	Mr. V.P. Mafatlal	Promoter Executive	9	Yes	9*	--
2	Mr. T.M.M. Nambiar	Non-Executive Non-Independent	9	Yes	2	1
3	Mr. P.N. Kapadia	Independent Non-Executive	8	Yes	10**	5
4	Mr. S.S. Lalbhai	Independent Non-Executive	9	Yes	5	1
5	Mr. S.M. Kulkarni	Independent Non-Executive	9	Yes	6***	6
6	Mr. S.G. Mankad	Independent Non-Executive	8	Yes	7	5
7	Mr. H.H. Engineer	Independent Non-Executive	8	Yes	9****	6
8	Mr. A.K. Srivastava	Non-Executive Non-Independent	9	Yes	1	1
9	Mrs. R.V. Haribhakti	Independent Non-Executive	7	Yes	6*****	6
10	Mr. S.S. Khanolkar	Professional Executive	9	Yes	4*****	--

\* In seven Private Limited Companies and one Foreign Company

\*\* In six Private Limited Companies

\*\*\* In two Private Limited Companies

\*\*\*\* In one Private Limited Companies

\*\*\*\*\* In one Private Limited Company - with listed debt securities.

\*\*\*\*\* In one Private Limited Companies and three Foreign Companies

\$ Under this column, membership/chairmanship of Audit Committee and Stakeholders Relationship Committee is considered.

All the relevant information such as production, sales, exports, financial results, capital expenditure proposals and statutory dues, among others, are as a matter of routine, placed before the Board for its approval/information.

During the year 2017-18, nine meetings of the Board of Directors were held on 28th April, 2017, 29th June, 2017, 14th July, 2017, 25th July, 2017, 27th October, 2017, 21st December, 2017, 5th January, 2018, 30th January, 2018 and 19th March, 2018. The Company has thus observed the provisions of the Companies Act, 2013 and Listing Regulations allowing not more than 120 days gap between two such meetings.

Personal shareholding of Non-Executive Directors, in the Company as on 31st March, 2018 is as follows:

Name of the Directors	Number of equity shares of ₹2/- each, held
Mr. T.M.M. Nambiar	5,000
Mr. P.N. Kapadia	6,925
Mr. S.S. Lalbhai	5,000
Mr. S.M. Kulkarni	NIL
Mr. S.G. Mankad	NIL
Mr. H.H. Engineer	NIL
Mrs. R.V. Haribhakti	NIL
Mr. A.K. Srivastava	11,000

## DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

## Familiarisation programme for Independent Directors

The Company has a detailed familiarisation programme for Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The details of such programme are available on the weblink: <http://www.nfil.in/about us/bod.html>

## 3. AUDIT COMMITTEE

As required under Section 177 of the Companies Act, 2013 ("the Act") read with the provisions of Regulation 18 of the Listing Regulations, the Board has constituted an Audit Committee. Mr. T.M.M. Nambiar was the Chairman of the Committee till 29th June, 2017. He stepped aside as the Chairman of the Audit Committee due to change in his status from Independent to Non-Independent Director consequent upon appointment of Price Waterhouse Chartered Accountants LLP as the Statutory Auditors wherein his relative (son-in-law) is one of the Partners, but does not Audit the Accounts of the Company. Mr. S.M. Kulkarni was appointed as the Chairman of the Audit Committee w. e. f 30th June, 2017. Mr. P.N. Kapadia and Mr. S.S. Lalbhai are the other members of the Audit Committee. The terms of reference of the Audit Committee are as outlined in the Act, and the Listing Regulations.

During 2017-2018, five meetings of the Audit Committee were held on 28th April, 2017, 14th July, 2017, 25th July, 2017, 27th October, 2017 and 30th January, 2018. The attendance of the members of the Audit Committee was as follows:

Sr. No.	Dates on which the Audit Committee Meetings were held	Attendance of Directors			
		Mr. S.M. Kulkarni	Mr. T.M.M. Nambiar	Mr. P.N. Kapadia	Mr. S.S. Lalbhai
1.	28th April, 2017	Attended	Attended	Attended	Attended
2.	14th July, 2017	Attended	Attended	Attended	Attended
3.	25th July, 2017	Attended	Attended	Attended	Attended
4.	27th October, 2017	Attended	Attended	Attended	Attended
5	30th January, 2018	Attended	Attended	Attended	Attended

Executive Chairman, Managing Director, Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditors are usually invited and attend the meetings, of the Audit Committee. The Company Secretary, Mr. N.B. Mankad acts as the Secretary of the Audit Committee.

## 4. NOMINATION AND REMUNERATION COMMITTEE

As required under Section 178(1) of the Act, read with part D(A) of Schedule II and Regulations 19 of the Listing Regulations, the Board has constituted the Nomination and Remuneration Committee. Mr. S. S. Lalbhai is the Chairman of the Committee. Mr. T.M.M. Nambiar and Mr. S.M. Kulkarni are the other members of the Committee.

The Committee is, inter alia, authorised to identify persons who are qualified to become Directors and who may be appointed in Senior Management, evaluation of Directors performance, formulating criteria for determining qualifications, positive attributes and independence of a director and recommending policy relating to the remuneration for the Directors, key managerial personnel

and other employees and granting of stock options to eligible employees. During the year, two meetings of the Committee were held on 28th April, 2017 and 19th March, 2018. The details of attendance of the members of the Nomination and Remuneration Committee are as follows:

Sr. No.	Date on which the Nomination and Remuneration Committee Meetings were held	Attendance of Directors		
		Mr. S.S. Lalbhai	Mr. T.M.M. Nambiar	Mr. S.M. Kulkarni
1.	28th April, 2017	Attended	Attended	Attended
2	19th March, 2018	Attended	Attended	Attended

Performance evaluation criteria for independent directors:

Each Independent Director's performance was evaluated as required by Schedule IV of the Act having regard to the following criteria of evaluation viz. (i) qualification, (ii) experience, (iii) availability and attendance, (iv) integrity (v) commitment. (vi) governance (vii) independence (viii) communication (ix) preparedness (x) participation and (xi) value addition.

## 5. REMUNERATION OF DIRECTORS

In accordance with the provisions of Section 178(3) of the Act, the

Nomination and Remuneration Committee recommended the remuneration policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees which was approved and adopted by the Board and the same is available on weblink <http://www.nfil.in/policy/index.html>

## Details of remuneration to all the directors

Remuneration paid to the Executive Directors and Non-Executive Directors:

(₹ in lakhs)					
Sr. No.	Director & Designation	Category	Salary and Perquisites	Commission*	Sitting Fees
1	Mr. V.P. Mafatlal Executive Chairman	Promoter Executive	236.17	329.00	--
2	Mr. T.M.M. Nambiar	Non-Executive Non-Independent	–	16.00	5.60
3	Mr. P.N. Kapadia	Independent Non-Executive	–	16.00	5.60
4	Mr. S.S. Lalbhai	Independent Non-Executive	–	16.00	5.95
5	Mr. S.M. Kulkarni	Independent Non-Executive	–	16.00	5.95
6	Mr. S.G. Mankad	Independent Non-Executive	–	16.00	3.85
7	Mr. H.H. Engineer	Independent Non-Executive	–	16.00	3.85
8	Mr. A.K. Srivastava	Non-Executive Non-Independent	–	16.00	3.85
9	Mrs. R.V. Haribhakti	Independent Non-Executive	–	16.00	3.50
10	Mr. S.S. Khanolkar Managing Director	Professional Executive	546.41**	114.00	–

\*Payable in financial year 2018-2019

\*\*Including perquisite value of ESOPs

The remuneration to Executive Directors includes Provident Fund, Superannuation Fund, perquisites and allowances etc. and is in accordance with the Nomination and Remuneration Policy.

Other service contracts, notice period and severance fees, among others –

None except the Notice Period as per appointment letters –  
 (a) Mr. V.P. Mafatlal – 6 months and (b) Mr. S.S. Khanolkar – 3 months

In terms of the Company's Employee Stock Option Schemes – 2007 and 2017 approved by the shareholders and 2017, Mr. S.S. Khanolkar has been granted 1,38,660 stock options in the aggregate in accordance with the provisions of the above Scheme. At the beginning of the year, Mr. S.S. Khanolkar had 92,625 options to his credit. Mr. Khanolkar exercised 61,000 Options during the year and accordingly 61,000 equity shares were allotted to him. The relevant details required to be disclosed under the Securities and Exchange Board of India, (Share Based Employees Benefits) Regulations 2014 as amended, are given in **Annexure 5** to the Directors' Report.

The Non-Executive Directors are paid remuneration in accordance with the prevalent practice in the industry and commensurate with their experience, time devoted to the Company and also taking into account profits of the Company.

Apart from the above remuneration, there is no other material pecuniary relationship or transactions by the Company with the Directors.

The performance criteria for payment of remuneration is stated in the Remuneration Policy available on weblink <http://www.nfil.in/policy/index.html>

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As required under Section 178(5) of the Act and Regulations 20 of the Listing Regulations, the Company has constituted Stakeholders Relationship Committee. Mr. P.N. Kapadia is the Chairman of the Committee. Mr. A.K. Srivastava and Mrs. R.V. Haribhakti are the other members of the Committee. The Committee inter alia, looks into redressing the grievances of the Security holders of the Company viz. non-receipt of transferred shares and non-receipt of dividend, among others. During 2017-2018, two meetings of the Stakeholders' Relationship Committee were held on 28th April, 2017 and 27th

October, 2017 and the same were attended by all the members of the Committee.

Mr. N.B. Mankad, Company Secretary of the Company is the Compliance Officer of the Company and also acts as Secretary to the Committee.

The other relevant details are as under:

a)	Number of complaints received from shareholders from 1st April 2017 to 31st March 2018	27
b)	Number of complaints resolved	23
c)	Number of complaints not solved to the satisfaction of shareholders which were subsequently resolved post March 31, 2018	4

## 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

As required under Section 135(1) of the Act, the Board has constituted a Corporate Social Responsibility Committee. Mr. S.G. Mankad is the Chairman of the Committee. Mr. V.P. Mafatlal and Mr. H.H. Engineer are the other Members of the Committee.

The Committee is inter alia authorised to formulate and recommend to the Board a CSR Policy, the amount of expenditure to be incurred on the permissible activities and monitoring the CSR Policy.

During the year, two meetings of the Committee were held on 28th April, 2017 and 27th October, 2017 and the same were attended by all the Members of the Committee.

## 8. INDEPENDENT DIRECTORS MEETING:

Schedule IV to the Act, inter alia, prescribes that the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. During the year, one meeting of independent directors was held on 19th March, 2018. All the Independent Directors attended the Meeting. Mr. S.S. Lalbhai was unanimously elected as the Chairman of the Meeting of the Independent Directors. At the meeting, the Independent Directors reviewed the performance of the non-independent directors (including the Chairperson) and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company, management and the board that is necessary for the board to effectively and reasonably perform their duties.

## 9. GENERAL BODY MEETING:

Location and time where the last three Annual General Meetings (AGM) were held:

AGM	Year	Venue	Date	Time	No. of Special Resolutions passed
19th	2016-17	Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020	29th June 2017	3.00 p.m.	3
18th	2015-16	Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020	25th July, 2016	3.00 p.m.	1
17th	2014-15	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020	29th June, 2015	3.00 p.m.	1

Last year i.e. 2016-17, the Company had passed with requisite majority one Special Resolution under Section 180(1)(a), Section 188 and other applicable provisions of the Act and Listing Regulations through Postal Ballot. Separate communication containing all the requisite details in respect of the same including the procedure for Postal Ballot was circulated to all the shareholders along with the Annual Report for the year 2016-17. DM Zaveri & Co. Company Secretaries, were appointed as Scrutinizers to oversee the voting process. The voting pattern was as under as per the Scrutinizers Report.

Total valid votes	Total votes in favour of the Resolution			Total votes against the Resolution			Total invalid votes	
	No. of Ballot/E-voting entry	Nos.	% to total valid votes	No. of Ballot/E-voting entry	Nos.	% to total valid votes	No. of Ballot/E-voting entry	Nos.
3039079	479	2978385	98.0029	15	60694	1.9971	31	7440

## 10. MEANS OF COMMUNICATION:

The financial results of the Company are reported as mentioned below:

Quarterly results normally published/proposed to be published in Newspapers	In English– Economic Times In Marathi –Maharashtra Times
Details of Company Website where results are displayed	www.nfil.in
Whether it displays official news release and the presentations, if any, made to institutional investors or to the analysts.	Yes

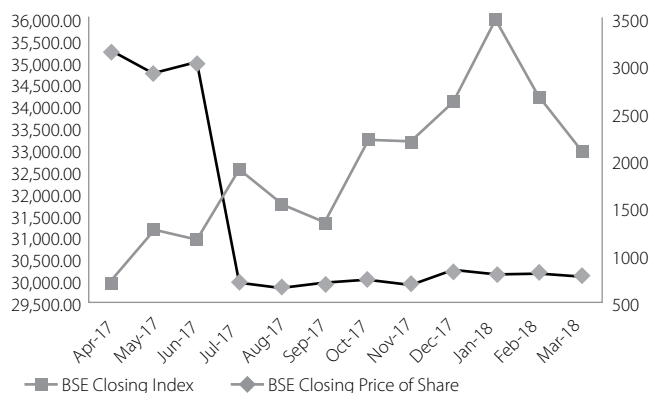
## 11. GENERAL SHAREHOLDERS INFORMATION:

### A. 20th Annual General Meeting

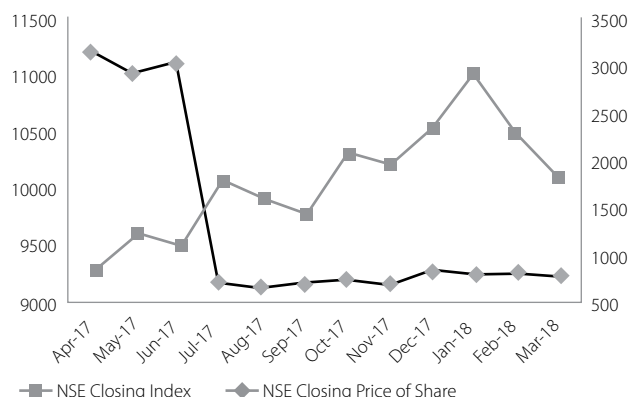
Date	:	24th July 2018
Time	:	3.00 p.m.
Venue	:	Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road Churchgate, Mumbai 400020
<b>B. Financial Calendar</b>	:	1st April 2018 to 31st March 2019 (tentative)
First quarterly results	:	End of July 2018
Second quarterly results	:	End of October 2018
Third quarterly results	:	End of January 2019
Audited yearly results	:	End of May 2019
<b>C. Date of Book Closure (both days inclusive)</b>	:	17th July, 2018 to 20th July, 2018
<b>D. Dividend payment date</b>	:	27th July, 2018
<b>E. Listing</b>	:	BSE Ltd. (BSE) National Stock Exchange of India Ltd.(NSE) The Listing Fees for the year 2018-19 have been paid to both the Stock Exchanges.
<b>F. Stock Code</b>	:	BSE: 532504 NSE: NAVINFLUOR EQ
<b>G. ISIN Number</b>	:	INE048G01026



### Performance in comparison to broad based indices: Company share price and BSE Sensex



### Performance in comparison to broad based indices: Company share price and NSE Nifty



## I. REGISTRAR AND SHARE TRANSFER AGENTS:

M/s. Karvy Computershare Private Limited are the Registrars and Share Transfer Agents of the Company. The address for correspondence is as under:

M/s. Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032  
Tel No 91- 040 -6716 2222 to 24, Fax No 91-040 -2342 0814  
E mail ID : jayaraman.vk@karvy.com  
einward.ris@karvy.com, navin.ris@karvy.com  
Website: www.karvycomputershare.com

**Mumbai Office:**

24B, Rajabhadur Mansion, Ambalal Doshi Marg, Ground Floor,  
Fort, Mumbai 400023, Tel: 022-6623 5454, Fax: 022-6633 1135

**Ahmedabad Office:**

201, Shail Complex. Opp Madhusudan House, Off C.G. Road,  
Near Navrangpura Telephone Exchange, Ahmedabad 380 006  
Tel: 079 – 2640 0527, 6515 0009  
E mail: ahmedabad@karvy.com

### J. Share Transfer System :

All the share related work is being undertaken by our R&T Agent, Karvy Computershare Pvt Ltd. Any two Directors of the Share Transfer Committee approve the share transfer, split and consolidation, among others, of the shares. The share transfers are registered and returned within 15 days from the date of receipt if relevant documents are complete in all respects. The shareholders'/investors' grievances are also taken up by our R&T Agent.

**K. Distribution of shareholding as on 31st March 2018:**

Slab	Total number of shareholders	%	Number of Shares	% of total share capital
Less than 500	80748	95.21	4380520	8.88%
501-1000	1822	2.15	1390748	2.82%
1001-2000	1123	1.32	1659317	3.36%
2001-3000	401	0.47	996610	2.02%
3001-4000	193	0.23	684341	1.39%
4001-5000	128	0.15	608070	1.23%
5001-10000	166	0.20	1234039	2.50%
10001-above	233	0.27	38397165	77.80
<b>Total</b>	<b>84814</b>	<b>100.00</b>	<b>49350810</b>	<b>100.00</b>

## L. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2018:

Sr. No.	Category	Number of shares held	% of holding
1.	Promoters' holding	15334714	31.07
2.	Mutual Funds and UTI	8542137	17.31
3.	Bank, Financial institutions, insurance companies, central / state government institutions	37936	0.08
4.	FII's (Foreign Institutional Investors)	8688592	17.60
5.	Private Corporate Bodies	2340017	4.75
6.	Indian Public	13889358	28.15
7.	NRIs / OCBs	503736	1.02
8.	Any other (please specify) Trust	14320	0.02
<b>Total</b>		<b>49350810</b>	<b>100.00</b>

## M. DEMATERIALISATION DETAILS :

The equity shares of our Company are traded on BSE Ltd. and National Stock Exchange of India Ltd.

As on 31st March 2018, 40,002 shareholders were holding 4,78,58,280 equity shares in demat form which constitutes 96.98% of the total share capital of the Company.

## N. Outstanding GDR / ADR : N.A.

## O. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company has a Board approved Foreign Currency Risk Management Policy. Any risk arising from exposure to foreign currency for exports and imports is being hedged on a continuous basis. As of now, the Company does not hedge any commodity price risk.

## P. Plants / factories:

1. Navin Fluorine, Bhestan, Surat – 395023
2. Navin Fluorine, Dewas, M.P. - 455002

## Q. Address for correspondence :

Navin Fluorine International Limited

## a) Registered Office

2nd floor Sunteck Centre, 37/40, Subhash Road,  
 Vile Parle (East), Mumbai 400057.  
 Tel: 91 22 6650 9999, Fax 91 22 6650 9800  
 Website: [www.nfil.in](http://www.nfil.in)  
 E-mail: [niraj.mankad@mafatlals.com](mailto:niraj.mankad@mafatlals.com)

- b) Kaledonia, Office No.3, 6th floor, Opp. Vijay Nagar Society, Sahar Road, Andheri (E), Mumbai 400069.  
 Tel: 91 22 6771 3800, Fax: 91 22 6771 3924

## 12. OTHER DISCLOSURES:

- i) Disclosure on materially significant related party transaction,

that may have potential conflict with the interest of the Company at large:

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- ii) Details of non-compliance by the Company, penalties, strictures imposed by stock exchanges/SEBI or any statutory authority, on any matter related to capital markets, during the last three years:  
 None

- iii) Details of establishment of vigil mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee,

In accordance with the requirements of the Act, read with Listing Regulations, the Company has a Whistle Blower Policy approved by the Board of Directors. The objectives of the policy are:

- a. To provide a mechanism for employees and directors of the Company and other persons dealing with the Company to report to the Audit Committee; any instances of unethical behavior, actual or suspected fraud or violation of the Company's Ethics Policy and
- b. To safeguard the confidentiality and interest of such employees/directors/other persons dealing with the Company against victimisation, who notice and report any unethical or improper practices.
- c. To appropriately communicate the existence of such mechanism, within the organisation and to outsiders. Whistle Blower Policy is available on weblink <http://www.nfil.in/policy/index.html>

The Company confirms that no personnel has been denied access to the audit committee pursuant to the whistle blower mechanism.



- iv) Disclosure under The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. During the year no complaints of sexual harassment were received.

- v) The Company has complied with all the mandatory requirements of Listing Regulations, in respect of corporate governance.

The following non-mandatory requirements have been adopted by the Company:

- (a) Statutory Auditor's Report does not contain any qualifications.
- (b) The Company has appointed separate persons to the posts of Chairman and Managing Director
- (c) The Internal Auditors report directly to the Audit Committee

- vi) The policy for determining 'material' subsidiaries is available on web link: <http://www.nfil.in/policy/index.html>.

- vii) The policy on dealing with related party transactions is available on web link <http://www.nfil.in/policy/index.html>.

- viii) As of now, the Company does not hedge any commodity price risk.

13. The Company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation

mechanism, which is periodically reviewed and reported to the Board of Directors by senior executives.

#### 14. Disclosure of accounting treatment different from accounting standards.

None

#### 15. Code of Conduct for Board Members and Senior Management :

The Board of Directors, has laid down the Code of Conduct for all the Board Members and members of the senior management. The Code is also placed on the Company's website – [www.nfil.in](http://www.nfil.in). A certificate from the Managing Director, affirming compliance of the said Code by all the Board Members and members of the senior management to whom the Code is applicable, is annexed separately to this report.

Further, the Directors and the Senior Management of the Company has submitted disclosure to the Board that they do not have any material financial and commercial transactions, that may have a potential conflict with the interest of the Company at large

#### 16. CEO / CFO Certification :

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls and certification on Financial Results to the Board in terms of Listing Regulations.

## ANNEXURE TO CORPORATE GOVERNANCE REPORT OF NAVIN FLUORINE INTERNATIONAL LIMITED

### Declaration regarding Affirmation of Code of Conduct

In terms of the requirement of Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with Code of Conduct for the year ended March 31, 2018.

Place: Mumbai

Date: 9th May, 2018

For and on behalf of the Board,

**Shekhar S. Khanolkar**

*Managing Director*

Place: Mumbai

Date: 9th May, 2018

For and on behalf of the Board,

**V.P. Mafatlal**

*Chairman*





## Annexure-3

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company: L24110MH1998PLC115499
- Name of the Company: Navin Fluorine International Limited. (NFIL)
- Registered Address: 2nd Floor, Sunteck Centre, 37/ 40 Subhash Road, Vile Parle (E), Mumbai – 400057
- Website: www.nfil.in
- E-mail id: info@nfil.in
- Financial Year Reported: 2017-18
- Sector(s) that the Company is engaged in (industrial activity code-wise):
  - 2411 - Hydrofluoric acid and other fluorine chemicals
  - 2411 - Synthetic cryolite, fluorocarbon gases
  - 2411 - Others
- List three key products/services that the Company manufactures/provides (as in balance sheet)
 

NFIL is one of the largest and the most respected Indian manufacturers of specialty fluorochemicals comprising of:

  - 1) Synthetic cryolite, fluorocarbon gases
  - 2) Hydrofluoric acid and other fluorine chemicals
  - 3) Other Chemicals
- Total number of locations where business activity is undertaken by the Company:
  - NFIL operates one of the largest integrated fluorochemicals complexes with:
  1. Total Number of National locations
    - 2 manufacturing locations at Surat in Gujarat, and Dewas in Madhya Pradesh
    - 5 sales offices in New Delhi, Mumbai, Surat, Chennai and Hyderabad.
    - Head office in Mumbai.
  2. Total Number of International Locations
    - We have 3 Business Development units at Manchester, Shanghai and New Jersey
- Markets served by the Company – Local/State/National/ International:
 

We have a strong distributor network spread across India, South East Asia and Middle East Countries.

## Section B: Financial Details of the Company

- Paid Up Capital (INR) ₹986.87 Lakhs
- Total Turnover (INR) ₹97668.07 Lakhs
- Total Profit after Taxes (INR) ₹17896.37 Lakhs
- Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax 1.66%
- List of activities in which the expenditure in 4 above has been incurred.

On healthcare, sanitation, promotion of olympic sports, livelihood enhancement, education, safe drinking water, eradicating malnutrition and animal welfare.

## Section C: Other Details

- Does the Company have any Subsidiary Company/Companies?
 

Yes, the details of the list of subsidiaries can be found in annexure 6 of the annual report.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
 

The subsidiary Company/Companies do not participate in the BR initiatives of the Company.
- Do any other entity / entities (e.g. Supplier, distributor etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes indicate the percentage of such entities? (Less than 30%, 30 – 60% and More than 60%)
 

Yes, less than 30%. We, at NFIL, realise the impact our value chain has on the society and environment. Thus, as a responsible corporate, we have a robust and vigilant selection process with stringent norms to ensure that we onboard the right value chain partners. The Review Committee assesses the vendor on the basis of parameters including quality, safety, manufacturing process, capabilities, delivery and commitment. As per the vendor evaluation form vendors are rated as follows:

  1. Excellent : A
  2. Good : B
  3. Fair : C
  4. Not acceptable : D

These ratings define which vendors would be selected or rejected. Post-onboarding compliance parameters are checked with for every vendor.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the Business Responsibility policy/policies

Name	DIN Number	Designation
Mr. S.S. Khanolkar	02202839	Managing Director

#### b) Details of the Business Responsibility Head

DIN Number (if applicable)	NA
Name	Mr. G.C. Jain
Designation	President-Operations
Telephone number	0261-6715303, Mo: 8347459700
e-mail id	gyanchand.jain@nfil.in

### 2. Principle-wise (as per NVGs) BR Policy/Policies

#### a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
		P1: Code of Conduct, Archival Policy, Whistle-blower Policy, Sustainable Development Policy P2: Integrated Management Systems Policy, Sustainable Development Policy, Code of Conduct P3: Integrated Management Systems Policy, Human Rights Policy, HSE Policy, Sexual Harassment Policy P4: CSR Policy, Sustainable Development Policy P5: Human Rights Policy P6: Integrated Management Systems Policy, Sustainable Development Policy, HSE Policy P7: Sustainable Development Policy P8: CSR Policy P9: Quality Policy, Sustainable Development Policy								
2	Has the policy been formulated in consultation with relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies have been formulated in consultation with the Management of the Company and are approved by the Board								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are in – line with the applicable national and international standards and compliant with the principles of the National Voluntary Guidelines (NVG).								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies have been approved by the Board and have been signed by the Managing Director.								
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	NFIL has appointed Mr. Shekhar Khanolkar - Managing Director who is responsible for implementation of BR policies and monitoring the BR performance.								
6	Indicate the link to view the policy online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		<a href="http://www.nfil.in/policy/index.html">http://www.nfil.in/policy/index.html</a> <a href="http://www.nfil.in/about_us/code_conduct.html">http://www.nfil.in/about_us/code_conduct.html</a>								

7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All our policies are available on the Company's website and are included in the agreements with external stakeholders as applicable.								
8	Does the Company have in-house structure to implement its policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies?	The queries regarding to BR policies can be sent to info@nfil.in								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Surveillance and recertification audits of our Integrated Management System (IMS) are performed by TÜV SÜD. As part of these audits, policies are evaluated for its effective implementation.								

b) If answer against any principle, is 'No', please explain why: (Tick up to 2 options):

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the principles	NA								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done in the next 6 months									
5	It is planned to be done in the next year									
6	Any other reason (please specify)									

### 3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

NFIL has been publishing its BRR since FY 2016-17. The board of directors review the BR related performance annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The business responsibility report of the Company is part of the annual report. The hyperlink for previous year's report is: [http://www.nfil.in/investor/investor\\_pres/NFIL\\_Delux\\_AR%202017.pdf](http://www.nfil.in/investor/investor_pres/NFIL_Delux_AR%202017.pdf)

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover

only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

NFIL is a fair and transparent organisation and ethics forms the very foundation of our business practices and activities. Corporate Governance at the organisation is steered by our policies on ethics including Code of Conduct, Ethics Policy and Whistle Blower Policy.

The Code of Conduct extends to all our employees, suppliers and contractors.

The Ethics Policy upholds our standards of ethical code of conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility. In order to improve vigilance across all levels of the organisation our Whistle Blower policy provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Audit Committee. The matters under the purview of the Whistle Blower Policy include any instance of unethical behaviour, actual or suspected fraud or violation of

the Company's Ethics Policy. Also, we have a well-structured supply chain policy which sets out specific guidance on the code of conduct for our business partners while they work with the Company. The suppliers can provide their feedback to Corporate Supply Chain cell at scm@nfil.in

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During this year, we have not received any significant complaint related to unethical practices across all our operations.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

Our Mission statement defines our commitment "To innovate, build and operate chemical plants in the most safe and environment friendly manner."

We strive to innovate and incorporate environmental concerns in our products, three of which are:

- a) BF3 Gas
- b) Pera Fluoro Phenol
- c) KF

2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.

- (i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

NFIL is driven towards enhancing operational efficiency and focuses on resource optimisation to curb the environmental footprint of its activities. We achieve these goals by incorporating best in class technologies.

For the above mentioned products, we have adopted processes which have resulted in reduction of raw material and energy consumption. Details of the reductions achieved through the above products are as follows:

	Products whose design incorporated environmental/social concerns, risks and opportunities	Details of how product has incorporated the environmental	Reduction in resource use (raw material, energy, water, any other) per unit of production achieved throughout the value chain with respect to the previous year		
			Raw Material (MT)	Energy (MWH)	NG (Sm3 )
1	BF3	Improvement in Boric and Power norms	0.020	0.243	-
2	KF	Reduction in natural gas and power consumption	-	0.093	39
3	Pera Fluoro Phenol	Improvement in Power norms and B4 norms	0.016	0.419	-

- 3 Pera Fluoro Phenol Improvement in Power norms and B4 norms 0.0160.419 -

1. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Provide details thereof, in about 50 words or so.

We have taken numerous steps towards Green Procurement, including procurement of certain recycled solvents, catalysts & raw materials as a part of our regular procurement. Moreover, since packaging offers an enormous scope for responsible procurement, we utilise packaging materials like drums, carbouys, pallets, etc., which are reused on regular basis. In

innovation, whenever a new molecule is to be developed as new product, all the related raw materials and its environmental impacts are considered while sourcing these materials.

Of the total procurement of INR 344 crores, the following materials are brought on sustainable basis through long term contracts:

1. Fluorspar : 19%
2. Chloroform : 5%
3. Boric Acid : 2%

4. Has the company taken any steps to procure goods and services from local & small producers, including communities

surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Local sourcing is an important aspect of sustainable and responsible procurement at NFIL and 46% of our total spending of approximately INR 344 Crores, is on local suppliers. Materials which are sourced from outside are mainly due to lack of availability in the nearby regions or the cost differential.

The locally sourced materials include most of the engineering spares (e.g. fabricated engineering items, gaskets, tools, fasteners, lubricants) required for routine maintenance. We have engaged local service vendors for most of the fabrication, manpower, house-keeping services, etc. Other local vendors include those which provide services like machining, electrical-instrumentation, air-conditioning, transportation services, We have fostered long-term relationships with most of these vendors. We embolden our relationship with these value chain partners by providing them with the necessary technical know-how and capacity building. We also organise vendor meet annually where we engage with all our vendors and collect their feedback on their experience while partnering with NFIL. We also conduct vendor audits to assess them on quality as well as HSE on regular basis.

5. Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Yes, we focus on various facets of waste management including the recycling of by-products as well as treated effluent water. Around 20% of our wastes are recycled at NFIL.

### Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees-

Total number of employees in FY 2017-18 are 1340 (including contractual employees)

2. Please indicate the total number of employees hired on temporary/ contractual/casual basis –

We do not employ temporary staff, our count for contractual employees is 609.

3. Please indicate the number of permanent women employees –

The total number of permanent women employees is 29.

4. Please indicate the number of permanent employees with disability –

In the reporting period there were no differently abled permanent employees.

5. Do you have an employee association that is recognised by management?

Yes, we have an internal union “Navin Fluorine International Employees Union” bearing Registration No.G6461 and is recognised by the Management.

6. What percentage of your permanent employees are a member of this recognised employee association?

Approximately 29% of our employees are associated with Navin Fluorine International Employees Union.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

We have not received any complaints on any labour issues including child labor, forced labour, involuntary labour and sexual harassment during the reporting period.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category of Employees	Surat site		Dewas Site		Average of sites	
	Safety Trainings	Skill up-gradation trainings	Safety Trainings	Skill up-gradation trainings	Safety Trainings	Skill up-gradation trainings
Permanent Employees	100%	100%	100%	100%	100%	100%
Permanent Women Employees	80%	100%	100%	100%	90%	100%
Casual/Temporary/Contractual Employees	100%	0%	100%	0%	100%	0%
Employees with disabilities	100%	100%	NA	NA	100%	100%

- Yes, the Company has identified all key internal and external stakeholders impacted by the Company's operations. These stakeholders include :

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

The disadvantaged, marginalised and vulnerable stakeholder groups identified by NFIL include children, tribal villages and the elderly in the community.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

We, at NFIL undertake specific stakeholder engagement initiatives for each of these stakeholder groups in order to address the stakeholder concerns and uplift the underprivileged sections of the society. The interventions undertaken in FY 2017-18 are as follows:

- i) Children: As education and nutrition are pressing concerns amongst children we have taken up education programs on cleanliness and hygiene in Ashram Shala. Additionally, we also provide them with daily breakfast and other supplies. Elementary education is provided to slum children through Gyanshala while the Pathshala Pravesh Mahostav strives to make provisions for primary education for these children.
- ii) Tribal Villages: Healthcare, sanitation, availability of potable water and safety are few of the challenges faced by the tribal communities associated with NFIL. We have made provision for mobile health services in villages for medical care including routine check -up and medicines. Another intervention focused on building of toilet blocks to ensure sanitation and installation of RO water systems to provide potable drinking water.

- iii) Elderly community members: Eye check-up camps were set up for the elderly where medicines and spectacles were provided free of cost.
- iv) Discussions with the village Sarpanch: Since chemical manufacturing is classified as a hazardous industry, we hold regular meetings with the Sarpanch of nearby villages to assure them that we carry out our operations with world class safety measures in place to avoid any fatal accidents.
- v) Discussions with Local Government : To maintain good working relationships with governmental authorities at different levels, and to assure them that we follow the guidelines and regulations prescribed by them we undertake and participate in all government run initiatives like Safety Day, Responsible Care, Earth Day, Environment Day etc.

### Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Ensuring safe working environment along with dignity of the workforce is a fundamental necessity in every organisation. It is essential that businesses realise their human rights exposure and have a robust mechanism in place to prevent human rights violations. We at NFIL are cognizant of the fact that human rights abuses can exist in the value chains of the materials we procure and hence our policy on human rights is extended to our suppliers, contractors and all relevant business associates.

The various facets of Human Rights that come under the purview of our human Rights Policy include:

- Overall wellbeing of our employees in terms of health, hygiene, safety and productivity.
- Zero discrimination and equal employment opportunity to all.
- Freedom of expression and collective bargaining
- Robust grievance mechanisms
- Compliance with all applicable local and national laws

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have not received any complaint related to human rights violation during the reporting period.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/

NGOs/others.

At NFIL, our focus on planet bottom line is steered by our Sustainable Development Policy which extends its purview to all our employees in the management and non-management cadre and other relevant business associates including the suppliers and contractors.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Given the nature of our business, we understand the responsibility we have towards addressing climate issues and environmental concerns. Thus, to minimise our environmental footprint, this reporting period we undertook the following measures:

- a) Reduction in GHG emissions: HFC 23 is a product with high global warming potential. This chemical is generated as a by-product during the production process. A thermal oxidiser is installed to incinerate HFC 23 and achieve reduction in GHG emissions.
- b) Reduction in Effluent & Air Pollution:
  - i) Our R&D has developed greener processes in water media for oxidative bromination for specialty molecules, which avoids use of organic solvents & hence reduces effluent & air pollution.
  - ii) Five new BF<sub>3</sub> adducts (liquid) have been developed which are safer to use, store and transport as compared to BF<sub>3</sub> gas. All these adduct reduce the pollution during usage as they are handled at atmospheric pressure.
- iii) R&D has also developed processes for preparing Inorganic Bulk Metal Fluoride utilizing waste (H<sub>2</sub>SiF<sub>6</sub>) stream of existing product, which reduces effluents.
- c) NFIL has entered into developing and manufacturing new generation of refrigerant gases which have very low global warming potential e.g.: HFO-1234YF.
- d) NFIL also entered into agreement with Surat Municipal Council to take 2 MLD treated recycled water from their STP (Sewage treatment plant) which will curb our CO<sub>2</sub> emissions and also result in water savings.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, NFIL is cognizant of the potential environmental risks. These are threats posed due to adverse effects on the surrounding environment due to the organisation's activities.

As a chemical company we identify our hazardous chemicals and their potential risks to health, safety and environment.

These risks are identified through a comprehensive Quantitative Risk Assessment (QRA) process. QRA assesses all the dangerous chemicals that are stored in bulk at our site and includes precautions on handling these chemicals, safety conditions and mitigation guidelines in case of any accident.

The key environmental risks are;

- Availability of water
- Energy efficiency
- Water discharge
- Air quality
- Effluent waste management

NFIL has addressed all the above mentioned risks by various means as under:

- Availability of water-NFIL has addressed this risk by entering into an agreement with SMC for the supply of 2 MLD of recycled water and we now have two sources of water.
  - Energy efficiency- NFIL has been consistently taking efforts towards improving its energy efficiency through installation of LED lights, Astro Timer, Voltage servo stabiliser and various other power saving schemes in the plants.
  - Water discharge- Our effluents are discharged to SMC and we reuse treated water sourced from SMC.
  - Air quality- Our air emissions are closely monitored through online stack analysers.
  - Effluent waste management- NFIL has a dedicated primary, secondary and tertiary treatment facility (both organic and inorganic) and also has a captive incineration facility for organic waste. NFIL strictly maintains the quality of effluents discharged as per the CPCB/GPCB guidelines.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, we have a clean development mechanism for elimination of R-23 through incineration in a thermal oxidiser. We have been monitoring all the relevant parameters as per the defined guidelines and maintain this data with us. Till 2012, we were submitting the audit report to UNFCCC when carbon credits were being issued. Issuance of carbon credit for R-23 has now stopped since then however we still follow the same guidelines apart from the third party audit.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

We emphasise on resource optimisation, process efficiency and consistently work towards upgrading technology at NFIL. In the fiscal period we have taken the following initiatives:

- a. During the development of processes for new molecules or products, R&D selects solvents which can be effectively recovered and reused. We also pay heed to the environment hazard while selecting the solvents or reagents or RMS.
- b. R&D also works on Vapor Phase Technology for developing clean and environment friendly processes (Fluorination/chlorination/hydrogenation)
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?  
Emissions and wastes generated by NFIL are within the permissible limits specified by the CPCB and SPCB.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.  
No legal notices from CPCB/SPCB are pending in the reporting period.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:  
Yes, NFIL is member of below mentioned associations:  
a) Indian Chemical Council  
b) Basic Chemicals, Cosmetics & Dyes Export Promotion Council, popularly known as CHEMIXCIL  
c) Indian Chamber of Commerce  
d) Indo German Industry Association  
e) South Gujarat Chamber of Commerce
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)  
Yes, NFIL has lobbied through above mentioned associations for betterment, improvement and advancement of the sectors on the following:  
a) For protection of industry area of interest with a long term sustainability goal.  
b) For updates on various Government notifications and

legislative changes in the areas of customs, central excise, GST etc.

- c) For taking issues on import – export activities with government.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.  
NFIL is committed towards social inclusion and equitable growth of our communities. We go beyond mere compliance of the statutes and collaborate with the communities to have a positive and meaningful impact. Our initiatives extend across environment, health, education, sustainable livelihood, animal care and other social causes.  
i) **Swachh Bharat Abhiyan:** We constructed and handed over 280 toilets under this program in rural areas of Gujarat and Madhya Pradesh.  
ii) **Mobile health services:** In order to promote health care in some of the remote areas of the country, the mobile health services makes provision for medical care including routine check-up and medicines in villages.  
iii) **Ashram Shala:** Nutrition and ensuring that children get the required dietary supplements is essential. Ashram Shala initiative provides breakfast to tribal children to support their health and well-being.  
iv) **RO water project:** Under this project we provide potable drinking water to villagers and schools through the installation of water ATMs.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?  
A dedicated in-house CSR team at NFIL identifies and implements most of these initiatives. We on-boarded Piramal Sarv Jal, an NGO to run the RO water project in the villages.
3. Have you done any impact assessment of your initiative?  
As a good corporate citizen, NFIL seeks to understand the difference it has made in the communities it works with through the CSR Programme. We therefore conduct a pre-impact study to assess the needs of the people in our vicinity and plan our CSR interventions likewise. An impact assessment is conducted for all our programs.
4. What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.

NFIL seeks to invest in the community in a meaningful manner and thus makes contributions through its CSR interventions. The direct contributions made under each initiative are as follows:

CSR Intervention	Amount contributed directly in the initiative by the Company in INR
Swachh Bharat Abhiyan	6,761,420
Mobile health services	4,042,636
Ashram Shala	186,693
RO water project	1,725,094

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The CSR projects are implemented under the vision and direction our CSR policy that requires us to ensure effective implementation of the CSR initiatives. The monitoring mechanism is established by the Corporate HR/ Unit HR head. The CSR interventions are closely monitored with a robust feedback mechanism that requires the assigned contact person to provide his insights on the smooth running of the projects. Progress of the initiative is reported every month to the Corporate Office.

Details for monitoring of CSR initiatives are as follows:

- Swachh Bharat Abhiyan: In order to inculcate the value of cleanliness among villagers, follow up sessions on toilet hygiene were conducted in villages in Surat where we have constructed toilet blocks. Our CSR team conducted awareness sessions on various topics like Hand Wash Practices, Waterborne Diseases, Home Lavatory and Personal Hygiene at some schools in the vicinity at Dewas.
- Mobile health services: Villages are re-visited at least twice a month to follow up on patient's condition and monitor their health.
- Ashram Shala: Continuous follow up with the administration of Ashram Shala is done to check on their needs and provide them with the same.
- RO Water Project: The water ATMs are solar powered and cloud connected, enabling remote tracking of water quality and of each pay per use transaction.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

We have received a total of 8 complaints during the reporting period and none of the complaints are pending for resolution. 100% resolution of complaints has been achieved.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)

NFIL complies with all the applicable laws with respect to product labelling. The product details are always displayed by providing MSDS and TREM card along with our products. This practice recognised by international standards. MSDS is sent with each consignment for exports whereas for domestic customer it is sent as and when asked. TREM card however, is sent with all consignments. In addition to the MSDS and TREM card, relevant labeling on packaging is also done indicating nature of hazard

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

We have not received any complaints during the reporting year.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We are a customer centric organisation and endeavor to deliver the best-in class products. A customer satisfaction survey is conducted regularly which enables us to better ourselves.

We have a system driven process where we collect feedback through a survey from our external and internal customers. Our external customers respond to this feedback annually while the internal customers are surveyed four times a year. Based on the ratings or inputs received the concerned departments work to improve their performance.

This year the total customer satisfaction index scores were 96.01%. the scores pertaining to our business units are as follows :-

Business Unit	No of responses received	Average percentage
Speciality	54	96.26
IF	23	93.62
Refrigerant	38	97.61

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 9th May, 2018

**V.P. Mafatlal**  
Chairman  
DIN:00011350)

**Regd. Office:**

2nd floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East), Mumbai 400057.  
Tel: 91 22 6650 9999, Fax: 91 22 6650 9800, E-mail: info@nfil.in, Website: www.nfil.in  
CIN: L24110MH1998PLC115499



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure upon the reporting period	Amount Spent: Direct or through implementing agency
7	Building and handing over of 270 toilets under Swach Bharat Abhiyan in rural areas	Sanitation	Umber village near Bhestan, Surat in Gujarat and villages near Dewas in Madhya Pradesh	67.50	67.61	67.61	Directly
8	Eye Camps	Health Care	Areas around Bhestan, Surat in Gujarat and Dewas in Madhya Pradesh	15.00	6.22	6.22	Directly
9	Providing RO Water (safe drinking water) to villages	Making available safe drinking water	Navi Pardi village in Gujarat and Kelod village in Madhya Pradesh	17.25	17.25	17.25	Through Piramal Sarvajal
10	Olympic Sports Promotion	Promoting Olympic Sports	Olympic Gold quest Foundation	15.00	15.00	15.00	Foundation for promotion of sports and games (Olympic Gold Quest)
11	Audiology and Speech therapy equipments	Health Care	Nair Hospital, Mumbai	24.50	24.50	24.50	Directly
12	Elementary education of slum children	Education	Ahmedabad, Gujarat	13.50	10.00	10.00	Through Gyanshala, Ahmedabad
13	Miscellaneous Provisions			2.50	2.35	2.35	
	<b>TOTAL</b>			<b>306.05</b>	<b>296.52</b>	<b>296.52</b>	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report

N.A.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

**S. G. MANKAD**

CHAIRMAN-CSR COMMITTEE  
(DIN:00086077)

Place: Mumbai

Date: 9th May, 2018

**Regd. Office:**

2nd floor, Sunteck Centre,  
37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.

Tel: 91 22 6650 9999, Fax: 91 22 6650 9800

E-mail: [info@nfil.in](mailto:info@nfil.in), Website: [www.nfil.in](http://www.nfil.in)

CIN: L24110MH1998PLC115499

**S.S. KHANOLKAR**

MANAGING DIRECTOR  
(DIN: 02202839)



### 3) Option movement during the year:

Sr. no.	Particulars	ESOS - 2007	ESOS - 2017
(a)	Number of options outstanding at the beginning of year	5,90,010*	-
(b)	Number of options granted during the year	-	58,830
(c)	Number of options forfeited / lapsed during the year	1,925	130
(d)	Number of options vested during the year	1,39,910	-
(e)	Number of options exercised during the year	3,94,325	-
(f)	Number of shares arising as a result of exercise of options	3,94,325	-
(g)	Money realised by exercise of options	₹ 311.39 Lakhs	-
(h)	Number of options outstanding at the end of the year	1,93,760	58,700

\* Adjusted to corporate actions (refer note 40.1 in Standalone Financial Statement section).

### 4) Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options :-

- Weighted average exercise price – ₹ 397.63.
- Weighted average fair value (Black Scholes model) – ₹ 154.43.

### 5) Employee wise details of options granted during the year:

- Key managerial personnel and senior managerial personnel.

Name	Designation	Options
Mr. Shekhar Khanolkar	Managing Director	6035
Mr. Ashis Mukherjee	President	5155
Mr. Gyanchand Jain	President	3205
Mr. Niraj Mankad	Vice President	2425
Mrs. Charusheela Kumar	Vice President	1990
Mrs. T N Nandakumar	Vice President	1620
Mr. Satya Tandon	Vice President	1465
Mr. Ketan Sablok	Vice President	1420
Mr. Ninad Pongde	Vice President	1150
Mr. Vitthal Gund	Vice President	1145
Mr. Piyush G Vashi	Vice President	1015
Mr. Roshan Adhikari	General Manager	1000
Mr. Milan Naik	General Manager	915
Mr. Alpesh Patel	General Manager	895
Mr. Mehul Singh Gohil	General Manager	810
Mr. Subbarao Tata	Deputy General Manager	740

Name	Designation	Options
Mr. Sanjeev Sheth	Deputy General Manager	685
Mr. Shailendra Chaudhari	Deputy General Manager	595
Mr. Laxmikant Pisolkar	Deputy General Manager	545
Mr. Dhiraj Singh Yadav	Deputy General Manager	475

Exercise price of options granted is ₹ 780.

- Identified employees who were granted option, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – NIL.

### 6) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following information:

- 

Particulars	For the year ended March 31, 2018
Expected volatility (%)	38.63%
Option life (Years)	4
Dividend yield (%)	1.11%
Risk-free interest rate	7.65%

- The options are granted at market price and the Company uses intrinsic value method of accounting for options vested till March 31, 2016. Post implementation of IndAS, that is, from April 1, 2016, the Company adopts fair value method of accounting for options not vested till March 31, 2016.

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2018

“[PURSUANT TO SECTION 92 (3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANY  
(MANAGEMENT & ADMINISTRATION) RULES, 2014]

## I REGISTRATION AND OTHER DETAILS:

i	CIN	L24110MH1998PLC115499
ii	Registration Date	25/06/1998
iii	Name of the Company	Navin Fluorine International Limited
iv	Category/ Sub-category of the Company	Company limited by Shares
v	Address of the Registered office and contact details	2nd Floor, Sunteck Centre, 37-40 Subhash Road, Vile Parle (East), Mumbai - 400057, Maharashtra, India.
vi	Whether listed Company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Tel No 91- 040 -6716 2222

## 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	Hydrofluoric acid and other fluorine chemicals	2411	53%
2	Synthetic cryolite, fluorocarbon gases	2411	26%
3	Others	2411	21%

## III PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	<b>Sulakshana Securities Limited</b> Mafatlal House Backbay Reclamation Mumbai City Maharashtra 400020 India	U67120MH1995PLC085469	Wholly- Owned Subsidiary	100.00%	Section 2(87) of Companies Act, 2013
2	<b>Manchester Organics Limited</b> The Health Business and Technical Park, Runcorn Cheshire, WA 74QX, U.K		Subsidiary	51.00%	Section 2(87) of Companies Act, 2013
3	<b>Convergence Chemicals Private Limited</b> Plot No D- 2/11/A1 G.I.D.C., Phase-II Dahej Tal, Vagra, Dahej - 392130	U24100GJ2014PTC081290	Joint Venture	49.00%	Section 2(6) of Companies Act, 2013
4	<b>Swarnim Gujarat Fluorspar Private Limited</b> 7th Floor, Khanij Bhavan, Nr Gujarat University, Ground, 132ft Ring Road, Vastrapur, Ahmedabad -380052	U24119GJ2012PTC070801	Joint Venture	49.43%	Section 2(6) of Companies Act, 2013
5	<b>NFIL(UK) Limited</b> Third Floor, 126-134 Baker Street, London W1U6UE		Wholly Owned Subsidiary	100.00%	Section 2(6) of Companies Act, 2013
6	<b>Navin Fluorine (Shanghai) Co, Ltd.</b> Rm.2656, 26/F, No.83, Lou Shan Guan Road, Changning District, Shanghai		Wholly Foreign Owned Enterprise (WFOE)	100.00%	Section 2(6) of Companies Act, 2013

#### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

### A) Category-wise Shareholding

Category of Shareholders	No. of Shares of ₹10/- each held at the beginning of the year 01/04/2017				No. of Shares of ₹2/- each held at the end of the year 31/03/2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

### A. Promoters

(1) Indian									
a) Individual/HUF	4,70,368	-	4,70,368	4.80	19,29,499	-	19,29,499	3.91	(0.89)
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	32,51,678	-	32,51,678	33.21	1,32,83,940	-	1,32,83,940	26.92	(6.29)
d) Bank/Fl	-	-	-	-	-	-	-	-	-
e) Any other	64,889	-	64,889	0.66	1,21,275	-	1,21,275	0.25	(0.42)
<b>SUB TOTAL:(A) (1)</b>	<b>37,86,935</b>	<b>-</b>	<b>37,86,935</b>	<b>38.68</b>	<b>1,53,34,714</b>	<b>-</b>	<b>1,53,34,714</b>	<b>31.07</b>	<b>(7.61)</b>
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A)= (A) (1)+(A)(2)</b>	<b>37,86,935</b>	<b>-</b>	<b>37,86,935</b>	<b>38.68</b>	<b>1,53,34,714</b>	<b>-</b>	<b>1,53,34,714</b>	<b>31.07</b>	<b>(7.61)</b>

## B. PUBLIC SHAREHOLDING

(1) Institutions									
a) Mutual Funds	17,32,128	10,924	17,43,052	17.80	84,87,897	54,240	85,42,137	17.31	(0.49)
b) Banks/Fl	6,559	736	7,295	0.07	35,171	2765	37,936	0.08	0.002
C) Cenntrol govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	11,07,661	-	11,07,661	11.31	86,88,592	-	86,88,592	17.61	6.29
"h) Foreign Venture Capital Funds"		-							
i) Others (specify)							-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>28,46,348</b>	<b>11,660</b>	<b>28,58,008</b>	<b>29.19</b>	<b>1,72,11,660</b>	<b>57,005</b>	<b>1,72,68,665</b>	<b>34.99</b>	<b>5.80</b>
(2) Non Institutions									
a) Bodies corporates									
i) Indian	4,20,596	1,310	4,21,906	4.31	2004111	3,545	2007656	4.07	(0.24)

Category of Shareholders	No. of Shares of ₹10/- each held at the beginning of the year 01/04/2017				No. of Shares of ₹2/- each held at the end of the year 31/03/2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	-	-	-						
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	18,95,330	3,75,832	22,71,162	23.20	10640852	1428855	1,20,69,707	24.46	1.26
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	3,86,195	-	3,86,195	3.94	1819651	0	18,19,651	3.69	(0.26)
iii) NBFCs registered with RBI					-			-	-
c) Others (specify)		-		-					
CLEARING MEMBERS	7,271	-	7,271	0.07	19,066	-	19,066	0.04	(0.04)
FOREIGN NATIONALS	100	-	100	0.00	2,220	-	2,220	0.00	0.00
NON RESIDENT INDIANS	57,281	1,081	58,362	0.60	4,98,416	3,100	5,01,516	1.02	0.42
TRUST	1,358	-	1,358	0.01	14,320		14,320	0.03	0.02
								-	-
SOCIETIES	-	-	-	-	-	25	25	0.00	0.00
IEPF	-	-	-	-	3,13,270	-	3,13,270	0.63	0.63
d) Qualified Foreign Investor									
SUB TOTAL (B)(2):	27,68,131	3,78,223	31,46,354	32.13	1,53,11,906	14,35,525	1,67,47,431	33.94	1.80
"Total Public Shareholding									
(B)= (B)(1)+(B)(2)"	56,14,479	3,89,883	60,04,362	61.32	3,25,23,566	14,92,530	3,40,16,096	68.93	7.60
Total A+B	94,01,414	3,89,883	97,91,297	100	4,78,58,280	14,92,530	4,93,50,810	100	-
C. Shares held by Custodians, against which	-	-	-	-	-				
Depository									
Receipts have been issued"									
1)Promoter and Promoter Group									
2)Public									
<b>Grand Total (A+B+C)</b>	<b>94,01,414</b>	<b>3,89,883</b>	<b>97,91,297</b>	<b>100%</b>	<b>4,78,58,280</b>	<b>14,92,530</b>	<b>4,93,50,810</b>	<b>100%</b>	<b>-</b>



## B) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% change in share holding during the year
		Number of shares of ₹10/- Each	% of total shares of the Company"	% of shares pledged/ encumbered to total shares	Number of shares of ₹2/- Each	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Mafatlal Impex Private Limited	2331284	23.81	0.00	11656420	23.62	0%	0.19
2	Nocil Limited	471015	4.81	0.00	0	0.00	0%	4.81
3	Mafatlal Exim Pvt Ltd	324484	3.31	0.00	1622420	3.29	0%	0.03
4	Mafatlal Industries Limited	118389	1.21	0.00	0	0.00	0%	1.21
5	Pamil Investments Pvt Ltd	6486	0.07	0.00	5000	0.01	0%	0.06
6	Milap Texchem Pvt Ltd	20	0.00	0.00	100	0.00	0%	0.00
7	Vishad Padmanabh Mafatlal	391338	4.00	0.00	1534349	3.11	0%	0.89
8	Vishad Padmanabh Mafatlal	75007	0.77	0.00	375035	0.76	0%	0.01
9	Vishad P.mafatlal Pam Huf1 P Mafatlal	910	0.01	0.00	4550	0.01	0%	0.00
10	Padmanabh Arvind Mafatlal (Huf)	0	0.00	0.00	14550	0.03	0%	-0.03
11	Sheth Mafatlal Gagalbhai Foundation Trust No 2 To 22	16506	0.17	0.00	0	0.00	0%	0.17
12	Mr. Hrishikesh Arvind Mafatlal Public Charitable Trust No 1-6	4716	0.05	0.00	0	0.00	0%	0.05
13	Mr. Arvind N Mafatlal Public Charitable Trust	6288	0.06	0.00	0	0.00	0%	0.06
14	Mr. Padmanabh Arvind Mafatlal Public Charitable Trust No 1-6	4716	0.05	0.00	0	0.00	0%	0.05
15	Navinchandra Mafatlal Charity Trust No 1-15	11004	0.11	0.00	55020	0.11	0%	0.00
16	Mr. Pransukhlal Charity Trust No 1-6	4716	0.05	0.00	23580	0.05	0%	0.00
17	Mrs Sushila Arvind Mafatlal Public Charitable Trust No 1-5	3120	0.03	0.00	0	0.00	0%	0.03
18	Vishad Padmanabh Mafatlal Public Charitable Trust No 1-4	2496	0.03	0.00	12480	0.03	0%	0.00
19	Mrs Rekha Hrishikesh Mafatlal Public Charitable Trust No. 1-5	3120	0.03	0.00	0	0.00	0%	0.03
20	Mrs Miloni Padmanabh Mafatlal Public Charitable Trust No 1-5	2692	0.03	0.00	13460	0.03	0%	0.00
21	Mr. Padmakesh Public Charity Trust No 1-4	2168	0.02	0.00	10840	0.02	0%	0.00
22	Mr. Rishipad Public Charity Trust No 1-4	2168	0.02	0.00	0	0.00	0%	0.02
23	Mrs Vijayalaxmi Navinchandra Mafatlal Public Charit Trust No. 16	1179	0.01	0.00	1965	0.00	0%	0.01

24	Mrs Vijayalaxmi Navinchandra Mafatlal Public Charit Trust No. 19	0	0.00	0.00	1965	0.00	0%	0.00
25	Mrs Vijayalaxmi Navinchandra Mafatlal Public Charit Trust No. 20	0	0.00	0.00	1965	0.00	0%	0.00
26	P.A. Mafatlal as Karta of PAM HUF 1	2910	0.03	0.00	0	0.00	0%	0.03
27	Chetna Padmanabh Mafatlal	203	0.00	0.00	1015	0.00	0%	0.00
	<b>Total</b>	<b>3786935</b>	<b>38.68</b>	<b>0.00</b>	<b>15334714</b>	<b>31.07</b>	<b>0%</b>	<b>7.60</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)\***

Sr. No.	Particulars	Share holding at the beginning of the Year 01/04/2017		Cumulative Share holding during the year 31/03/2018	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	At the beginning of the year	3786935	38.68	3786935	38.68
2	At the end of the year	15334714	31.07	15334714	31.07

\* Change is due to (a) sale of shares in the open market and (b) increase in paid-up capital due to allotment of equity shares against exercise of stock options.

**(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)**

Sr. No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year 01/04/2017				Share holding at the end of the Year 31/03/2018	
		No. of shares of ₹10/- each	% of total shares of the Company	Date	Increase / Decrease in shareholding	No. of shares	% of total shares of the Company
1	SMALLCAP WORLD FUND, INC	0	0.00	01/04/2017		0	0.00
				02/03/2018	584030	584030	1.18
				09/03/2018	31396	615426	1.25
				16/03/2018	2586574	3202000	6.49
				31/03/2018		3202000	6.49
2	AJAY UPADHYAYA	100000	1.02	01/04/2017		100000	1.02
				02/06/2017	(100000)	0	0.00
				04/08/2017	500000	500000	1.01
				17/11/2017	500000	1000000	2.03
				31/03/2018		1000000	2.03
3	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUIT	0	0.00	01/04/2017		0	0.00
				30/06/2017	156646	156646	1.59
				21/07/2017 - Addition pursuant to sub-division*	626584	783230	1.59
				04/08/2017	(42992)	740238	1.50
				11/08/2017	(27158)	713080	1.45
				31/03/2018		713080	1.45

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Sr. No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year 01/04/2017				Share holding at the end of the Year 31/03/2018	
		No. of shares of ₹10/- each	% of total shares of the Company	Date	Increase / Decrease in shareholding	No. of shares	% of total shares of the Company
				18/08/2017	(1129)	805768	1.64
				08/09/2017	(227)	805541	1.63
				29/09/2017	(85187)	720354	1.46
				06/10/2017	(1425)	718929	1.46
				13/10/2017	(3444)	715485	1.45
				27/10/2017	(672)	714813	1.45
				23/03/2018	(14712)	700101	1.42
				31/03/2018		700101	1.42
9	GHI LTP LTD	170150	1.74	01/04/2017		170150	1.74
				21/07/2017 - Addition pursuant to sub-division*	680600	850750	1.73
				09/03/2018	(850750)	0	0.00
				31/03/2018		0	0.00
10	ATYANT CAPITAL INDIA FUND I	162055	1.66	01/04/2017		162055	1.66
				21/07/2017 - Addition pursuant to sub-division*	648220	810275	1.64
				09/03/2018	(553126)	257149	0.52
				16/03/2018	(150000)	107149	0.22
				30/03/2018	(1742)	105407	0.21
				31/03/2018		105407	0.21

\*The transfer as on July 21, 2017 is due to split of Equity Shares of the Company from face Value of ₹ 10/- per share to Face Value of ₹ 2/- per Share resulting into increase in Number of Shares held by each person.

#### (v) SHAREHOLDING OF DIRECTORS & KMP

Sr. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year 01/04/2017		Cumulative Shareholding during the year ended on 31/03/2018	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Mr. Vishad Padmanabh Mafatlal				
	At the beginning of the year	391338	4.00	391338	4.00
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)				
	21/07/2017 - Transfer*	1565352	3.17	1956690	3.96
	02/03/2018 - Transfer	(422341)	(0.86)	1534349	3.11
	At the end of the year	1534349	3.11	1534349	3.11
2	Mr. Atul Kumar Srivastava				
	At the beginning of the year	2200	0.02	2200	0.02
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)				
	21/07/2017-Transfer*	8800	0.02	11000	0.02
	At the end of the year	11000	0.02	11000	0.02

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Sr. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year 01/04/2017		Cumulative Shareholding during the year ended on 31/03/2018	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	21/07/2017-Transfer*	26000	0.05	32500	0.07
	At the end of the year	32500	0.07	32500	0.07

\*The transfer as on July 21, 2017 is due to split of equity shares of the Company from face value of ₹10/- per share to face value of ₹2/- per share resulting into increase in number of shares held by each person.

## V INDEBTEDNESS: NIL

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount*	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

\*Does not includes restatement impact of buyers credit during the year movement

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL FOR F. Y. 2017-18

### A. "REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND/OR MANAGER:

Sr. No.	Particulars of Remuneration	Name of the MD/WT/Manager		Total Amount
		Mr. V.P.Mafatlal	Mr. S.S.Khanolkar	
	<b>Gross salary</b>			
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961.	235.46	205.14	440.60
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.71	15.32	16.03
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option (ESOP Perquisites)	-	325.95	325.95
3	Sweat Equity			
4	Commission*	329.00	114.00	443.00
	- as % of profit	1.50%	0.52%	2.02%
	- others (specify)			
5	Others (sitting fees)	-	-	-
	<b>Total (A)</b>	<b>565.17</b>	<b>660.41</b>	<b>1,225.58</b>
	Ceiling as per the Act			2191.00
	* Payable in financial Year 2018-2019			

## B. REMUNERATION TO OTHER DIRECTORS:

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of the Directors								Total Amount
		Mr. T.M.M. Nambiar	Mr. P.N. Kapadia	Mr. S.S. Lalbhai	Mr. S.M. Kulkarni	Mr. S.G.Mankad	Mr. H.H. Engineer	Mr. A.K. Shrivastava	Mrs. R.V. Haribhakti	
1	Independent Directors									
	(a) Fee for attending Board/ Committee meetings	5.60	5.60	5.95	5.95	3.85	3.85	3.85	3.50	38.15
	(b) Commission	16	16	16	16	16	16	16	16	128
	(c ) Others (please specify)									
	<b>Total (B)</b>	<b>21.60</b>	<b>21.60</b>	<b>21.95</b>	<b>21.95</b>	<b>19.85</b>	<b>19.85</b>	<b>19.85</b>	<b>19.50</b>	<b>166.15</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		N. B. Mankad (Company Secretary)	Sitendu Nagchaudhuri (CFO)	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961.	95.26	110.91	206.17
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	2.92	6.88	9.80
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock option (ESOP Perquisities)	122.90	-	122.90
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	– as % of profit	0	0	0
	– others (specify)	0	0	0
5	Others (please specify)			
	a) Company's contribution to the Provident Fund	3.26	5.78	9.04
	b) Company's contribution to the Superannuation scheme (Shown upto exemption limit of ₹1.50 lakh, over and above has been added to perk at point 1(b))	1.50	1.50	3.00
	c) Medical Allowance	0.15	0.15	0.30
	d) Medi-claim & Accident Insurance	0.31	0.31	0.62
	e) Variable Pay	0	21.84	21.84
	<b>Total (C)</b>	<b>226.30</b>	<b>147.37</b>	<b>373.67</b>

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended on March 31, 2018.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 9th May, 2018

V.P. Mafatlal

Chairman

DIN:00011350)

**Reqd. Office:**

2nd floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East), Mumbai 400057.

Tel: 91 22 6650 9999, Fax: 91 22 6650 9800, E-mail: [info@nfil.in](mailto:info@nfil.in), Website: [www.nfil.in](http://www.nfil.in)

CIN: I 24110MH1998PI C115499

## FORM NO. MR.3 SECRETARIAL AUDIT REPORT

### For The Financial Year Ended 31st March, 2018

*[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,  
**NAVIN FLUORINE INTERNATIONAL LIMITED**  
2<sup>nd</sup> Floor, Sunteck Centre, 37-40 Subhash Road,  
Vile Parle (East), Mumbai 400057

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

Based on our verification of the 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, 2018 ('**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, 2018 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 Overseas Direct Investment. (**Foreign Direct Investment and External Commercial Borrowing not applicable 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. (herein after "**Insider trading Regulations**")
  - (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 (Share Based Employee Benefits) Regulations, 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**)
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (herein after "**Listing Regulations**")

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) Listing Agreements entered with stock exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except that *Dividend distribution policy*

was not attached in Annual Report as per Regulation 43A of Listing Regulations. Further there is e-form MGT-14 which is in process of filing. Further there was delay in transferring the Unpaid Dividend amount to IEPF in one case. Further Foreign Liabilities and Assets Return was filled with some delay with RBI and Intimation of share certificates/evidence of investment to Authorized Dealer Bank was given with some delay. Further there were few lapses of code of conduct under Insider trading Regulations for which company is in the process of taking appropriate actions.

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

1. Ozone Depleting Substances (Regulations) Rules, 2000.
2. The Indian Boiler Act, 1923 (Amended 1960)
3. The Chemical Accidents (emergency planning, preparedness and response) Rules, 1996
4. The Hazardous Wastes (Management and Handling) Rules, 1989
5. Explosive Act, 1884 and Explosive Rules, 2008.

**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 and agenda items 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 by 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:**

1. The Company has passed Special resolution under section 180 (1) (a) of the Act, via postal ballot for transfer of undertaking at Dahej, Gujarat to Convergence Chemicals Private Limited, a joint venture between the Company and Piramal Enterprises Limited on a Slump sale basis.
2. The Company has passed Ordinary resolution in the Annual General meeting held on 29<sup>th</sup> June, 2017 for sub division of equity share of the Company having a face value of ₹ 10/- (Rupees Ten only) into 5 equity shares having a face value of ₹ 2/- (Rupees two only) each.
3. The Company has passed Ordinary resolution in the Annual General meeting held on 29<sup>th</sup> June, 2017 to restructure Authorised Share Capital of the company of ₹ 35,00,00,000/- (Rupees Thirty Five Crores) by dividing it into Equity shares of ₹ 2 each instead of ₹ 10 each.
4. The Company has issued and allotted 62,550 Equity Shares having Face Value of ₹10/- (before sub-division) with premium of ₹ 380/- each and 81,575 Equity Shares having Face Value of ₹ 2/- (after sub-division) with premium of ₹ 76/- each under 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.

**We further report that** as per the list of the Disqualified Directors published by Ministry of Corporate Affairs on 7th September 2017 name of Mr. Vishad Padmanabh Mafatlal bearing DIN 00011350 appeared in the list of disqualified directors. However as per the explanation and documents provided by the Company we are of the view that Mr. Vishad Padmanabh Mafatlal is not disqualified. The matter is already being pursued by the Company with the office of the Registrar of the Companies, Mumbai for removing the name of Mr. Vishad Padmanabh Mafatlal from the list of disqualified Directors.

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

**Kumudini Bhalerao**  
**Partner**

Place: Mumbai  
Date: 9th May, 2018

FCS No. 6667  
CP No. 6690

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-8

### 1. CONSERVATION OF ENERGY

#### A. Energy Conservation measures taken :

1. Automation of hydrogenation plant for batch cycle time reduction, resulting in increased throughput with the same power. This has resulted in power savings at hydrogenation and nitration stages.
2. Existing cooling tower, in BF3 plant, was replaced with new cooling tower at an elevated level, which resulted in major savings in power consumption.
3. Power savings achieved through setting up of LED lights and fixture in a phased manner, installation of Astro timer in plant and street light, installation of voltage servo stabiliser at R & D and water plant lighting circuit, to reduce the lighting voltage up to 390 V.
4. The effluent treatment system has been upgraded to improve the quality of treated water in-order to use it for cooling tower application. The entire treated water is now being recycled. This resulted in saving in energy required for thermal evaporation of treated effluent.
5. Improved operation of refrigeration system between 3 plants, by optimum utilisation of excess capacity of brine, which has led to improvement in power consumption.
6. Improvement in natural gas consumption norms in KF production, by recycling the flue gases escaping from the stack, back into the hot air generation system
7. Improvement in NG consumption norms in HF production by controlling the process parameter and improving the productivity, reducing the insulation losses and replacement by an effective heating system.
8. Replacement of burner by energy efficient burner in boiler as well as replacement of boiler fuel from high speed diesel to natural gas

#### B. Additional investment and proposal, if any being implemented for reduction in consumption of energy :

1. Planned modification and synchronisation of two more cooling towers by changing the network. This will lead to power savings of approximately 200 KWH per hour. Maximum efficiency will be achieved by supplying exact quantity of cooling water to the chilling plants.
2. Use of solar power equivalent to the existing day time consumption of electricity is proposed. Options of captive generation of Solar Power or procurement through Open Access Scheme are being explored.
3. Dedicated brine system is planned to be installed for FAP plant

and Mafron plant which will reduce the line losses and improve the power norms respectively.

4. Introduction of Plate Heat Exchangers in water ring vacuum system to reduce effluent generation and water consumption.

#### C. Impact of the measures at (A) and (B) above for the reduction of energy consumption and consequent impact on the cost of production of goods :

1. The power consumption of key products has shown improvement with increase in batch size and reduction in process runs.
2. Above points will lead to savings of about 0.7 million KWH of power per year at present rate of production from this year onwards.
3. Additional savings of about 1.4 million KWH power per year is expected after two more cooling tower networks are modified.
4. Savings of about 5 lakhs SM3/ annum of natural gas at present rate of production from this year onwards.
5. Automation of the Cooling Tower by introduction of interlock has resulted in energy savings required to run the system.

#### D. Total energy consumption and energy consumption per unit of production

The particulars are furnished in the prescribed Form A annexed hereto

### 2. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form B annexed hereto.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. Activities relating to export initiatives taken to increase exports, developments to new export markets for products and services and export plans

More than 50% of the Company's revenue came from exports of refrigerant gases, inorganic fluorides, specialties and contract research and manufacturing. Exports clocked a robust growth of 44% year-on-year. The Company follows a focused strategy of global sourcing on one hand and growing its export portfolio on the other so as to balance out its foreign exchange movements. The Company along with its UK based subsidiary Manchester Organics Limited, underpins its overseas presence by regularly attending international science conferences, pharma, agro and specialty chemicals exhibitions, etc., to improve its visibility amongst the international customers and expose the marketing, technical and R & D teams to newer markets, geographies, developments and technologies.



## FORM B

## RESEARCH &amp; DEVELOPMENT

a) Specific areas in which R & D is carried out by your Company

The Research & Development efforts of the Company continue to be directed predominantly towards the following areas at Navin Research and Innovation Center:

- a) Work on novel fluorinated chemical compounds and intermediates to meet the market needs and to develop cost effective, environmental friendly robust processes for identified entities
- b) Work on selected corporate strategic projects with an objective to adding long term values to the organisation and promote sales
- c) Work with all stakeholders, i.e. marketing team, key customers, project team, to initiate products with clear business objectives, right from the initial activities to the end process and help create sustainable sales growth for the Company
- d) Work closely with the technical services and manufacturing teams to scale up the laboratory based knowledge for commercial production and resolve all trouble shooting issues. Work on projects aimed at improving process norms, product quality and waste reduction initiatives of existing products
- e) Develop better understanding of the processes through relevant analytical and quality assessment tools to work on specifications and analyse all finished goods, intermediates, raw materials, impurities, as per customer requirements
- f) Explore processes of alternative refrigerants, surfactants etc. to cater to the future requirements and work on cost effective manufacturing processes through collaboration or through indigenous in-house efforts

**b) Benefits derived as a result of the above R & D**

Following benefits are derived from the above R&D activities:

- a) Contributed to sales of all SBUs through introduction of new products developed at R&D and created business opportunities in both organic and inorganic chemicals;
- b) Identified newer applications for fluorinated liquids and gases such as BF<sub>3</sub>, HF and their adducts to enhance opportunities for sales and new application of these key products
- c) Created opportunities by developing alternate refrigerants or related similar molecules through collaborations to strengthen the Company's position in this important sector in the years to come
- d) Developed and manufactured pharmaceutical intermediates using in-house technologies, to meet the needs of innovative global pharmaceutical companies, thus enhancing the business opportunities and improving the prospects of future business development with global majors
- e) Process modification projects with the manufacturing team, led to coping with the ever increasing quality requirements and price demands from customers and growing global competition
- f) Further, continued to strength customers resolve, by involving with them early in the value chain for their product pipeline, create future long-term opportunities for the Company as a strategic vendor both in national and international markets
- g) Helps creating substitutes for imports for some of our domestic customers.

c) **Future plan of action:**

The Company's R & D center continues its endeavor to develop new and innovative molecules, to drive sales and profitability. The R & D team continues its efforts to work on cost effective processes and technologies along with partnering with Industry leaders, to manufacture new products with their patented technologies.

The R & D center also continues to invest on people and equipment to effectively carry on its research and development projects, supporting the development of internal needs, leading to strengthening of Company's capabilities to achieve growth. For enhancement of the Company's manufacturing base and to synthesise value added molecules going ahead, the R & D team leverages its capabilities between its research based subsidiary company Manchester Organics Limited and process development laboratory at Dewas.

d) Expenditure on R&D:

(₹ in Lacs)

	Current Year	Previous Year
Capital Expenditure	206.98	32.71
Recurring Expenditure	1580.70	1394.83
Total Expenditure	1787.68	1427.54
Total R&D Expenditure as percentage of Total turnover	2.02%	1.94%

## TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

**a) Efforts in brief were made towards technology absorption, adaptation & innovation**

The R & D Center continues to be focused on utilizing its years of experience and knowledge base along with its technical capabilities to handle difficult reagents, specially used in fluorination. This has now been globally accepted and has created a niche area of expertise, which is increasingly finding its uses in pharmaceutical, agriculture and non conventional energy storage and refrigerant and related industries worldwide. The R&D team provides modern tools, its customer networks and advanced online literatures to all its scientists to look for global techniques, to introduce required fluorine atom in a desired position in a molecule in more than one way in selected chemical entities.

**b) Benefits derived as a result of above efforts**

The benefits for such efforts as mentioned above shall lead to and continue to enhance:

- a) Significant increase both revenue and profitability for all business units of the Company and gain a status of strategic supplier and partner of choice for its customers
- b) Help in building confidence and ability to participate and collaborate with international customers; enhance abilities to adopt technologies from global majors and to help them manufacture and commercialise the products in India by becoming their partner
- c) Support efforts of business development teams to create possible joint ventures, preferred partnership, enhance opportunities of collaboration with customers, to create sustainable and aggressive business growth and value creation for the Company
- c) Information regarding technology imported during the last five years NIL

For and on behalf of the Board,

V.P. Mafatlal

Chairman

(DIN:00011350)

Place: Mumbai

Dated: 9th May, 2018

**Regd. Office:**

2nd floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.

Tel: 91 22 6650 9999, Fax: 91 22 6650 9800

E-mail: [info@nfil.in](mailto:info@nfil.in), Website: [www.nfil.in](http://www.nfil.in)

CIN: L24110MH1998PLC115499

1. Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ended 31 March, 2018

(₹ In Lakhs)

2. The Percentage increase in remuneration of each Director, CFO, Company Secretary in the financial year

point out if there are any exceptional circumstances for increase in the managerial remuneration. –

Average increase for non-managerial grade is 18% for a period of 3 years (6% per annum); Non managerial employees also get increase in Dearness Allowance as per Consumer Price Index; Therefore, average increase in total remuneration is approx. 9-10% which is in line with the increase in average managerial remuneration.

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

Please refer to the remuneration policy available on weblink:  
<http://www.nfil.in/policy/index.html>.

7. It is affirmed that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board,

**Company Secretary & CFO:**

Place: Mumbai

Date: 9th May, 2018

V.P. Mafatlal

Chairman

(DIN:00011350)

**Regd. Office:**

2nd floor, Sunteck Centre,  
37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.

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CIN: L24110MH1998PLC115499

3. Percentage increase in median remuneration of employees in the financial year – 14%
4. The number of permanent employees on the rolls of the Company as on 31 March, 2018 - 684
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

## ANNEXURE – 10

**DISCLOSURE UNDER RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(A)The following details are given hereunder in respect of employees employed throughout the year and were in receipt of remuneration of not less than ₹ 1.02 crores per annum:

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

Mr. Shekhar Khanolkar (49), Managing Director, ₹6,39,11,346/- , B.E., MMS (26), 16.11.2007, BASF India Ltd., Chief Executive (Functional Polymers) (7 years). Mr. Ashis Mukherjee (53), President-CRO&CTO, ₹5,55,56,400/-, Ph.D, Org. Chemistry, (26), 24.08.2009, PI Industries Ltd., Gurgaon, Chief Technology Officer & Head Fine Chemicals (2 years). Mr. Gyanchand Jain (58), President-Operations, ₹3,11,90,292/-, A.M.I.E. (Chemical Engg.), Advance Diploma in Management (38), 26.09.2011, Finolex Industries Limited, President Operations (1 year 10 months). Mr. Sitendu Nagchaudhuri (49), Chief Financial Officer & Head IT, ₹1,47,36,642/-, B.Com. (Hons.) FCA (27), 08.07.2015, Kesoram Industries Ltd., Chief Financial Officer – Cement B.U (2), 5. Mr. P.S. Haridas (60), Vice-President-SCM, ₹1,20,89,805/-, BA (Economics), MBA in Materials Management (41), 14.7.2008, Jubilant Organosys Ltd., Associate Vice President (23 Years). Mr. Niraj Mankad (49), Vice-President Legal & Company Secretary, ₹2,26,30,166/-, B.Com., LLB, ACS (25), 1.1.2004, Mafatlal Industries Ltd., Joint Secretary and GM-Legal (10). Mr. Vishad P. Mafatlal (43), Executive Chairman, ₹3,86,79,648/-, B.Sc. (Economics), University of Pennsylvania, Wharton School, USA (22), 20.8.2016, Mafatlal Industries Limited, Executive Vice-Chairman(4). Mrs. Charusheela Kumar (44), Vice-President – HR & Admin., ₹1,86,61,820/-, MA in PM & IR (21), 10.10.2011, United Spirits Limited, General Manager – HR & Admin. (0.4). Mr. T.N. Nandakumar (54), Business Head-International Trade, ₹2,00,97,729/-, B.Sc., GDMM, DIEM (33), 27.10.2009, UPL Ltd., General Manager-Purchase Mr. Satya Tandon (46), Vice-President-Bulk Fluorides, ₹1,72,47,236/-, B.E.-Chem., MDP (IIM-Ahd.) (23), 13.4.2009, Solaris Chemical Ltd., Dy. General Manager-Marketing (13). Mr. P.G. Vashi (50), Vice-President-Bulk & Refrigerant, ₹1,33,73,111/-, B.E.-Chem. (26), 9.9.1991, (–1st job). Mr. Vivek Mhatre (51), Vice-President-Technical Services, ₹1,45,13,571/-, M.Tech.-Chem. (26), 5.6.2010, Privi Organics, General Manager-Technical (3). Mr. Ninad Pongde (47), General

Manager-Engineering, ₹1,31,95,752/-, B.E.-Chem., MBA (24), 23.7.2012, United Phosphorus Limited, Deputy General Manager-Engineering (4).

(B) Names of employees employed for part of the year and were in receipt of remuneration of not less than ₹8.5 lakhs per month:

NII

(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) Rules, 2014:

N.A.

**NOTES:**

1. Remuneration, as above, includes, salary, Company's contribution to Provident Fund and Superannuation Schemes, Leave Encashment, Holiday Travel Benefits, Reimbursement of Medical Expenses, Medical Insurance Premium, House Rent Allowances, Additional House Rent Allowance, Compensatory Allowances, Personal Allowance, Voluntary Retirement Benefit, 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. but does not include Company's contribution to Gratuity Fund.
2. The nature of employment is contractual for all the above employees.
3. None of the Company's employees is related to any Director of the Company.

For and on behalf of the Board,

Place: Mumbai

Dated: 9th May, 2018

V.P. Mafatlal

*Chairman*

(DIN:00011350)

**Reqd. Office:**

2nd floor, Sunteck Centre,  
37/40, Subhash Road, Vile Parle (East),  
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CIN: L24110MH1998PLC115499

## DIVIDEND DISTRIBUTION POLICY\*

**The following Dividend Distribution Policy has been approved by the Board of Directors:**

### (A) OBJECTIVE:

This Policy is framed pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which was introduced by SEBI on July 8, 2016 pursuant to Notification of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.

The aforesaid Regulation requires top 500 listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy. Accordingly, the Board of Directors of the Company has approved this Dividend Distribution Policy (Policy).

The Policy shall comply with all the prevailing laws, rules and regulations as may be prescribed from time to time.

### (B) EFFECTIVE DATE:

The Policy shall come into effect from the financial year 2016-17 and shall apply to the interim dividends which may be declared by the Board of Directors from time to time and the final dividend which will be recommended by the Board of Directors for approval by the Members of the Company.

### (C) CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The Company shall endeavor to pay dividend to its shareholders in a steady and consistent manner.

Dividend shall be declared or paid out of:

- (i) Profits of the current year after providing for depreciation in accordance with law and after transferring to reserves such amount of profits as may be prescribed under Companies Act, 2013, the Rules framed thereunder or under any other Laws of Statues;
- (ii) Out of profits for any previous financial years after providing for depreciation in accordance with law and out of the amounts available for dividend after prescribed appropriations;
- (iii) Out of (i) or (ii) above or both.

The Shareholders of the Company may not expect dividend under the following circumstances:

- (i) Whenever significant expansion proposal is undertaken requiring higher allocation of capital;
- (ii) Whenever any acquisitions or joint ventures are undertaken requiring significant allocation of capital;
- (iii) Requirement of higher working capital thereby adversely impacting free cash flows;
- (iv) Whenever it is proposed to utilise surplus cash for buy back or other corporate actions;
- (v) In the event of inadequacy of profits or incurring of losses;

### (D) FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND ((INCLUDING INTERNAL AND EXTERNAL FACTORS):

The following financial parameters (internal factors) would be considered before declaring or recommending dividend to shareholders:

- (i) Income and Profitability parameters like operating profit, profit after tax, return on equity, dividend payout ratio etc.
- (ii) Working capital requirements
- (iii) Capital expenditure requirements
- (iv) Resources required to fund acquisitions and/or new businesses
- (v) Outstanding borrowings
- (vi) Likely crystallisation of contingent liabilities
- (vii) Growth opportunities including inorganic growth.

External factors:

- (i) Economic and business environment
- (ii) Capital market environment
- (iii) Regulatory requirements, conditions or restrictions laid down under applicable laws including tax laws

\*This Dividend Distribution Policy Statement is the same for the Financial Year ended March 31, 2017 as can be seen on Company's website. As required by NSE this Dividend Distribution Policy Statement shall also be read as addendum in the annual report of the Company for the Financial Year ended March 31, 2017 immediately after Annexure 11 on page 91.



#### **(E) UTILISATION OF RETAINED EARNINGS:**

The retained earnings shall be utilised for all such activities that in the opinion of the Board of Directors shall enhance the shareholder's value keeping in mind the business objectives and requirements of the Company.

#### **(F) PARAMETERS FOR VARIOUS CLASS OF SHAREHOLDERS:**

The holders of equity shares of the Company, as on the Record Date, are entitled to receive dividends. Since, as of now, the Company has issued only one class of equity shares, this Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

#### **(G) AMENDMENTS TO THE POLICY:**

The Board of Directors of the Company may review and alter, modify, add, delete or amend any of the provisions of this Policy from time to time.

Any or all provisions of this Policy would be subject to the revision/ amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities,

from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board

Place: Mumbai

Dated: 9th May, 2018

**V.P. Mafatlal**

Chairman

(DIN:00011350)

#### **Regd. Office:**

2nd floor, Sunteck Centre,  
37/40, Subhash Road, Vile Parle (East),  
Mumbai 400057.

Tel: 91 22 6650 9999, Fax: 91 22 6650 9800

E-mail: info@nfil.in, Website: www.nfil.in

CIN: L24110MH1998PLC115499



In India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory standalone financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated April 28, 2017 and April 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 47.
  - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at March 31, 2018.
  - iii. As explained in Note 27 to the standalone Ind AS financial statements, during the year ended March 31, 2018, there has been a delay in transferring amount of ₹ 9.16 lakhs to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N-500016

Jeetendra Mirchandani

Partner

Mumbai  
May 9, 2018

Membership Number 48125



controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as

at March 31, 2018, 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 Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/ N-500016

**Jeetendra Mirchandani**

*Partner*

Mumbai

May 9, 2018

Membership Number 48125

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Navin Fluorine International Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, other than self constructed properties, as disclosed in Note 5A and 6 on Property Plant and Equipment and Investment Properties respectively, to the standalone Ind AS financial statements, are held in the name of the Company.
2. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. During the year, the Company has granted interest bearing unsecured loans to a Joint venture Company and had granted in earlier years interest free unsecured loans to wholly owned subsidiary (pursuant to an sanctioned scheme of rehabilitation) covered in the register maintained under Section 189 of the Act. The Company has not granted any loan, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
4. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income- tax, sales-tax, duty of excise and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount unpaid (In Rs. lakhs) *	Period to which the amount relate	Forum where dispute is pending
Income Tax Act	Income Tax	120.37	2008-09 and 2011-12	CIT(A), Mumbai
Income Tax Act	Income Tax	350.59	2009-10	ITAT and CIT(A), Mumbai
Income Tax Act	Income Tax	2,149.27	2010-11	ITAT, Mumbai
Central Excise Act	Excise Duty	90.33	1993-94 to 2005-06	High Court
Central Excise Act	Excise Duty	0.93	1994-95, 2005-06 & 2006-07	Assistant Commissioner of Central Excise
Central Excise Act	Excise Duty	9.25	2016-17	CESTAT
The Central Sales Tax Act	Central Sales Tax - West Bengal	2.70	2005-06	Appellate Revision Board
Local Sales Tax Acts	Value Added Tax	78.91	1992-93 to 1998- 99 and 2000-01 to 2004-05	Appellate Authority – up to Commissioner's level
MP Commercial Tax Act	Entry Tax, Central Sales tax, Value Added Tax	14.48	1995-96, 1996-97 & 2006-07	Appellate Board
MP Commercial Tax Act	Central Sales Tax	9.42	1990-91 to 1994-95	Madhya Pradesh High Court

\*Net of amount paid under protest.

- |  |  |
|--|--|
| <p>8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.</p> <p>9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.</p> <p>10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.</p> <p>11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.</p> <p>12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.</p> <p>13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions</p> | <p>have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.</p> <p>14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.</p> <p>15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.</p> <p>16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.</p> |
|  | <p style="text-align: right;"><b>For Price Waterhouse Chartered Accountants LLP</b><br/>Firm Registration Number: 012754N/ N-500016</p>  |
|  | <p style="text-align: right;"><b>Jeetendra Mirchandani</b><br/>Mumbai<br/>May 9, 2018<br/><i>Partner</i><br/>Membership Number 48125</p>   |

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/ N-500016

Jeetendra Mirchandani  
Partner

Mumbai  
May 9, 2018

Membership Number 48125

## Standalone Balance Sheet as at March 31, 2018

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a. Property, plant and equipment	5A	27,553.13	41,052.01	26,705.70
b. Capital work-in-progress	5B	2,008.59	1,683.12	1,394.56
c. Investment properties	6	4,407.29	4,492.56	4,577.80
d. Other intangible assets	7	74.28	29.41	68.50
e. Investment in Subsidiaries, Associate and Joint Ventures	8	12,556.80	11,097.81	10,308.69
f. Financial assets				
i. Investments	9	18,871.50	6,611.89	13,076.27
ii. Loans	10	1,711.81	1,752.29	1,749.62
g. Non-current Income tax assets (net)	11	970.05	1,823.98	1,581.07
h. Other non-current assets	12	439.09	587.05	493.80
<b>Total non-current assets</b>		<b>68,592.54</b>	<b>69,130.12</b>	<b>59,956.01</b>
<b>Current assets</b>				
a. Inventories	13	9,237.13	9,889.74	6,273.92
b. Financial assets				
i. Investments	14	20,760.04	13,861.54	5,705.93
ii. Trade receivables	15	14,713.80	13,077.70	14,011.34
iii. Cash and cash equivalents	16A	1,362.66	2,235.80	932.39
iv. Bank balances other than (iii) above	16B	826.54	737.34	586.60
v. Loans	17	1,096.23	200.70	482.25
vi. Other financial assets	18	224.22	245.77	293.55
c. Other current assets	19	3,104.01	2,972.62	3,010.25
<b>Total current assets</b>		<b>51,324.63</b>	<b>43,221.21</b>	<b>31,296.23</b>
<b>Total assets</b>		<b>1,19,917.17</b>	<b>1,12,351.33</b>	<b>91,252.24</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a. Equity share capital	20	986.87	979.00	978.58
b. Other equity	21	96,012.11	81,373.09	71,323.17
<b>Total equity</b>		<b>96,998.98</b>	<b>82,352.09</b>	<b>72,301.75</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a. Provisions	22	881.46	741.35	614.44
b. Deferred tax liabilities (Net)	23	2,390.78	2,074.80	2,129.63
c. Other non-current liabilities	24	1,685.32	1,686.99	1,664.90
<b>Total non-current liabilities</b>		<b>4,957.56</b>	<b>4,503.14</b>	<b>4,408.97</b>
<b>Current liabilities</b>				
a. Financial liabilities				
i. Borrowings	25	-	-	2,990.40
ii. Trade payables	26	9,173.11	7,604.84	7,593.98
iii. Other financial liabilities	27	1,465.62	1,437.60	1,315.90
b. Provisions	28	201.99	171.50	153.31
c. Income tax liabilities (net)	11	3,480.29	1,290.61	347.61
d. Other current liabilities	29	3,639.62	14,991.55	2,140.32
<b>Total current liabilities</b>		<b>17,960.63</b>	<b>25,496.10</b>	<b>14,541.52</b>
<b>Total liabilities</b>		<b>22,918.19</b>	<b>29,999.24</b>	<b>18,950.49</b>
<b>Total equity and liabilities</b>		<b>1,19,917.17</b>	<b>1,12,351.33</b>	<b>91,252.24</b>

Significant Accounting Policies

2

The above Standalone balance sheet should be read in conjunction with the accompanying notes

In terms of our report attached

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016

**Jeetendra Mirchandani**

Partner

Membership No. 48125

Mumbai, May 9, 2018

**V. P. Mafatlal**

Chairman

**N. B. Mankad**

Company Secretary

**S. S. Khanolkar**

Managing Director

**Sitendu Nagchaudhuri**

Chief Financial Officer

**T. M. M. Nambiar**

S. S. Lalbhai

P. N. Kapadia

S. M. Kulkarni

**R. V. Haribhakti**

A. K. Srivastava

S. G. Mankad

H. H. Engineer

Directors

## Standalone Statement of Profit and Loss for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Notes	For the year ended	
		March 31, 2018	March 31, 2017
<b>INCOME</b>			
Revenue from operations	30	88,605.77	73,679.73
Other Income	31	9,062.30	5,567.76
<b>Total Income</b>		<b>97,668.07</b>	<b>79,247.49</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	36,084.03	32,633.66
Purchases of stock-in-trade		1,750.26	1,160.71
Changes in Inventories of finished goods, work in progress and stock-in-trade	33	643.67	(2,804.83)
Excise duty		1,265.13	4,171.75
Employee benefits expense	34	9,080.23	7,660.75
Finance costs	35	66.03	49.96
Depreciation and amortisation expense	36	3,817.31	2,835.25
Other Expenses	37	18,712.95	15,864.21
<b>Total Expenses</b>		<b>71,419.61</b>	<b>61,571.46</b>
<b>Profit before tax</b>		<b>26,248.46</b>	<b>17,676.03</b>
<b>Tax expenses</b>			
Current tax	38	8,036.11	4,465.96
Deferred tax [including Minimum Alternate Tax (credit) / utilised]	38	315.98	(54.83)
<b>Total Tax expenses</b>		<b>8,352.09</b>	<b>4,411.13</b>
<b>Profit for the year</b>		<b>17,896.37</b>	<b>13,264.90</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurement loss of the defined benefit obligations		(105.26)	(110.76)
Current tax relating to the above		36.78	38.33
<b>Total other comprehensive income, net of tax</b>		<b>(68.48)</b>	<b>(72.43)</b>
<b>Total comprehensive income for the year</b>		<b>17,827.89</b>	<b>13,192.47</b>
Earnings per equity share (of face value of ₹ 2 each)	40		
Basic (in ₹)		36.34	27.10
Diluted (in ₹)		36.25	26.87
Significant Accounting Policies	2		

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

Jeetendra Mirchandani

Partner

Membership No. 48125

Mumbai, May 9, 2018

V. P. Mafatlal

Chairman

N. B. Mankad

Company Secretary

S. S. Khanolkar

*Managing Director*

Sitendu Nagchaudhuri

Chief Financial Officer

T. M. M. Nambiar

S. S. Lalbhai

P. N. Kapadia

S. M. Kulkarni

R. V. Haribhakti

A. K. Srivastava

S. G. Mankad

H. H. Engineer

### Directors

	For the year ended March 31, 2018	For the year ended March 31, 2017
Operating income	1,000	1,000
Depreciation and amortization	1,000	1,000
Provision for doubtful accounts	100	100
Gain on sale of equipment	100	100
Loss on sale of investment	(100)	(100)
Change in accounts receivable	(100)	(100)
Change in inventory	(100)	(100)
Change in accounts payable	100	100
Change in accrued liabilities	(100)	(100)
Change in income taxes payable	(100)	(100)
Change in cash	1,000	1,000

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## (₹ in Lakhs)

Notes:

- The above Standalone Statement of Cash Flow should be read in conjunction with the accompanying notes

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

Jeetendra Mirchandani

Partner

Membership No. 48125

V. P. Mafatlal

Chairman

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A. K. Srivastava

S. G. Mankad

H. H. Engineer

### Directors

Mumbai, May 9, 2018

## (₹ in lakhs)

## B. OTHER EQUITY

(₹ in Lakhs)

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying notes

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

Jeetendra Mirchandani

Partner

Membership No. 48125

Mumbai, May 9, 2018

V. P. Mafatlal

Chairman

N. B. Mankad

*Company Secretary*

S. S. Khanolkar

Managing Director

Sitendu Nagchaudhuri

Chief Financial Officer

T. M. M. Nambiar

S. S. Lalbhai

P. N. Kapadia

S. M. Kulkarni

R. V. Haribhakti \*

A. K. Srivastava

S. G. Mankad

H. H. Engineer

Directors



## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 1. CORPORATE INFORMATION

Navin Fluorine International Limited ("the Company") is a public limited company, incorporated under the provisions of the Companies Act, 1956. Its registered office is located at 2nd floor, Sunteck Centre, 37/40, Subhash Road, Ville Parle (East), Mumbai 400057.

Its shares are listed on the Bombay and National stock exchanges. The Company belongs to the Padmanabh Mafatlal Group, with a legacy of business operations since 1967, having one of the largest integrated fluorochemicals complex in India. The Company primarily focuses on fluorine chemistry - producing refrigeration gases, inorganic fluorides, specialty organofluorines and offers Contract Research and Manufacturing Services. Its manufacturing facilities are located at Surat in Gujarat and Dewas in Madhya Pradesh.

## 2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation:**

(i) **Compliance with Indian Accounting Standards (Ind AS)**

The financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The financial statement up to year ended March 31, 2017 were prepared in accordance with the accounting standards as per Companies (Accounting Standards) Rules, 2006 (as amended) (Previous GAAP or IGAAP) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 51 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) **Historical Cost Convention:**

The financial statements have been prepared on the historical cost basis except for certain financial instrument, financial assets and liabilities, defined benefit plans and share based payments which are measured at fair value.

(iii) Current and non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Revenue recognition:

(i) Sale of Goods:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

Revenue is recognised when significant risk and rewards of ownership are transferred to customer, the amount of revenue can be reliably measured and it is probable that future economic benefits associated with the transactions will flow to the Company.

(ii) **Sale of Services:**

Revenue is recognized from rendering of services when services are rendered as per contractual obligations, when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

(iii) **Export Incentives:**

Export incentives are recognised for based on the eligibility and when there is no uncertainty in receiving the same.

c) Government Grants:

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

d) Leases:

(i) As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(ii) As a lessor:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

e) Income taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Tax:

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, wherever appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) **Deferred Tax:**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the balance sheet date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as deferred tax in the Statement of Profit and Loss. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent it is probable that future taxable profit will be available against which these tax credit can be utilised. Such an asset is reviewed at each Balance Sheet date.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

f) Employee benefits:

(i) Short-term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities in the balance sheet.

(ii) Other long-term employee benefit obligations:

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations:

The Company operates the following post-employment schemes:

- (a) defined benefit plan such as gratuity and provident fund for certain employees
- (b) defined contribution plans such as family pension fund, superannuation fund and provident fund for certain employees

(a) Defined benefit plan:

Gratuity Obligations:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the statement of changes in equity in the balance sheet.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

### **Provident fund liability:**

Provident Fund for certain employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognized by the Income Tax authorities where other entities are also the participant. Periodic contributions to the Fund are charged to the Statement of Profit and Loss and when services are rendered by the employees. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government.

### **(b) Defined contribution plans:**

The Company contributes towards family pension fund, superannuation fund and provident fund (for certain employees) which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

### **g) Employee share-based payment arrangements:**

Eligible employees of the Company and its subsidiary company receives remuneration in the form of share based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to eligible employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

In respect of option granted to the employees of the subsidiary company, the amount equal to the expense for the grant date fair value of the award is recognised as an investment in subsidiary as a capital contribution and a corresponding increase in equity (Employee stock option reserve) over the vesting period.

### **h) Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment which are not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful life. The useful lives have been determined based on technical evaluation done by the management's expert which are equal to the useful lives as prescribed under schedule II of the Companies Act, 2013.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

i) Intangible assets:

Computer Software are stated at cost, less accumulated amortization and impairments, if any.

Computer Software which are capitalised are amortised over a period of 3 years on straight-line basis.

The estimated amortisation method, useful life and residual value are reviewed at the end of each reporting period, with effect of any changes in the estimate being accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the intangible assets.

j) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its acquisition cost, including related transaction costs and where applicable, borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using straight line method over their useful lives specified in Schedule II to the Companies Act, 2013.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the investment properties.

k) Impairment of assets:

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal/external factors. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset/cash generating unit exceeds its recoverable amount. The recoverable amount of the assets/ cash generating unit is fair value less costs of disposal or value in use, whichever is higher. A previously recognised impairment loss is reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

l) Inventories:

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost for raw materials, traded goods and stores and spares is determined on weighted average basis. Cost includes all charges in bringing the goods to their present location and condition. The cost of process stock and finished goods comprises of materials, direct labour, other direct costs and related production overheads and taxes as applicable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

m) Foreign currency transactions:

(i) Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements of the Company are presented in Indian Rupees ('₹'), which is the functional and presentation currency of the Company.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

### (ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### n) Cash and Cash equivalents:

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

### o) Trade receivables:

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### p) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other income/expense.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### q) Borrowing Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### r) Earnings per share:

#### i. Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### ii. Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

s) Research and development expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Property, plant & equipments utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant & equipment.

t) Provisions and contingencies:

Provisions are recognised when there is a present obligation (legal and constructive) as a result of a past event, it is probable that cash outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate can be made of the amount of the obligation. When a provision is measured using cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the ability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. A Contingent asset is disclosed, where an inflow of economic benefits is probable.

u) Investment in subsidiaries, associate and joint ventures:

Investments in subsidiary companies, associate and joint venture companies are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, associate and joint venture companies, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investments in subsidiaries, associate and joint ventures recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost, except for an investment in a subsidiary, for which fair value at a transition date is considered as the deemed cost.

v) Financial Instruments:

Initial recognition:

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the Statement of Profit and Loss.

a. Investment and other financial assets:

Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of Profit and Loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income.

### Debt Instruments:

- i. **Amortised Cost:** Assets that are held for the collection of contractual cash flow where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- ii. **Fair value through other comprehensive Income (FVOCI):** Assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Changes in fair value of instrument is taken to other comprehensive income which are reclassified to Statement of Profit and Loss.
- iii. **Fair Value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured as fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in the Statement of Profit and Loss. Interest income from these financial assets is included in other income.

All investment in equity instruments other than subsidiary companies, associate and joint venture companies are measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of such receivables.

A financial assets is de-recognised only when

- The Company has transferred the right to receive cash flows from the financial assets, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such case, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

b. Financial liabilities:

Classification as debt or equity:

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires. An instrument issued by a company is classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

w) Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

- (a) Useful lives of property, plant and equipment
- (b) Defined benefit plan
- (c) Impairment loss on investments carried at cost
- (d) Estimation of provisions and contingent liabilities

a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

b) Ind AS 115- Revenue from Contract with Customers:

The standard permits two possible methods of transition:

- The Company will adopt the standard on April 1, 2018.



## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

### 5A. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	Freehold land	Buildings	Office Equipment	Vehicles	Plant and machinery	Leasehold improvements	Furniture and Fixture	Total
<b>I. Gross Block</b>								
Deemed cost as at April 1, 2016	10.56	4,565.38	694.92	64.58	18,672.73	2,489.50	208.03	26,705.70
Additions	-	944.88	254.23	111.74	15,696.15	-	119.23	17,126.23
Disposals/Adjustments	-	-	(120.93)	(18.43)	120.92	-	(40.98)	(59.42)
<b>Balance as at March 31, 2017</b>	<b>10.56</b>	<b>5,510.26</b>	<b>828.22</b>	<b>157.89</b>	<b>34,489.80</b>	<b>2,489.50</b>	<b>286.28</b>	<b>43,772.51</b>
<b>II. Accumulated depreciation</b>								
Balance as at April 1, 2016	-	-	-	-	-	-	-	-
Depreciation expense for the year	-	238.63	134.05	21.33	2,260.05	26.21	48.85	2,729.12
Disposals/Adjustments	-	-	(0.81)	(5.49)	1.00	-	(3.32)	(8.62)
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>238.63</b>	<b>133.24</b>	<b>15.84</b>	<b>2,261.05</b>	<b>26.21</b>	<b>45.53</b>	<b>2,720.50</b>
<b>Net block (I-II)</b>								
<b>Balance as at March 31, 2017</b>	<b>10.56</b>	<b>5,271.63</b>	<b>694.98</b>	<b>142.05</b>	<b>32,228.75</b>	<b>2,463.29</b>	<b>240.75</b>	<b>41,052.01</b>
<b>I. Gross Block</b>								
Balance as at April 1, 2017	10.56	5,510.26	828.22	157.89	34,489.80	2,489.50	286.28	43,772.51
Additions	-	964.13	58.78	80.98	2,345.15	-	483.96	3,933.00
Disposals/Adjustments (refer note 2 below)	-	(897.45)	(24.73)	(12.90)	(14,357.56)	-	(94.71)	(15,387.35)
<b>Balance as at March 31, 2018</b>	<b>10.56</b>	<b>5,576.94</b>	<b>862.27</b>	<b>225.97</b>	<b>22,477.39</b>	<b>2,489.50</b>	<b>675.53</b>	<b>32,318.16</b>
<b>II. Accumulated depreciation</b>								
Balance as at April 1, 2017	-	238.63	133.24	15.84	2,261.05	26.21	45.53	2,720.50
Depreciation expense for the year	-	272.76	112.83	29.91	3,188.40	26.21	78.98	3,709.09
Disposals/Adjustments (refer note 2 below)	-	(65.31)	(5.73)	(6.94)	(1,568.69)	-	(17.89)	(1,664.56)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>446.08</b>	<b>240.34</b>	<b>38.81</b>	<b>3,880.76</b>	<b>52.42</b>	<b>106.62</b>	<b>4,765.03</b>
<b>Net block (I-II)</b>								
<b>Balance as at March 31, 2018</b>	<b>10.56</b>	<b>5,130.86</b>	<b>621.93</b>	<b>187.16</b>	<b>18,596.63</b>	<b>2,437.08</b>	<b>568.91</b>	<b>27,553.13</b>

#### Notes:

- Standby Letter of Credit facility availed from HDFC Bank for loan taken by Subsidiary is being secured by Second charge on the property, plant and equipment of the Company.
- Assets lying at Dahej unit sold on slump sale basis. (refer note 50)
- For details of Capital commitment relating to Property, Plant and Equipment (refer note 46).

### 5B. CAPITAL WORK-IN PROGRESS

Capital work-in progress as at March 31, 2018 is ₹ 2,008.59 lakhs (March 31, 2017: ₹ 1,683.12 lakhs; April 1, 2016: ₹ 1,394.56 lakhs). It is mainly comprises of expansion projects in progress.

## (₹ in Lakhs)

(i) Amount recognised in the Statement of Profit and Loss for investment properties:

(ii) The Company has given office premises under lease rental agreement. Details of minimum lease payments for non-cancellable leases are as under:

(iii) Fair Value

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. The fair value was determined based on the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. All resulting fair value estimates for investment properties are included in Level 3.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 7. OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Total
<b>Software</b>	
Gross carrying amount	
Deemed cost as at April 1, 2016	68.50
Additions	16.26
Deduction/Adjustment	-
<b>Balance as at March 31, 2017</b>	<b>84.76</b>
<b>Accumulated amortisation</b>	
Balance at April 1, 2016	-
Amortisation expense	20.89
Deduction/Adjustment	34.46
<b>Balance as at March 31, 2017</b>	<b>55.35</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>29.41</b>
<b>Balance as at April 1, 2017</b>	<b>84.76</b>
Additions	67.82
Deduction/Adjustment	-
<b>Balance as at March 31, 2018</b>	<b>152.58</b>
<b>Accumulated amortisation</b>	
Balance as at April 1, 2017	55.35
Amortisation expense	22.95
Deduction/Adjustment	-
<b>Balance as at March 31, 2018</b>	<b>78.30</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>74.28</b>

## 8. INVESTMENT IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(a) Investments in Equity Instruments</b>						
<b>In subsidiaries (Unquoted, fully paid up) - (at cost)</b>						
- Equity shares of Sulakshana Securities Limited of ₹ 10.00 each	1,50,000	830.55	1,50,000	830.55	1,50,000	830.55
- Equity shares of Manchester Organics Limited of GBP 0.01 each	5,100	3,265.12	5,100	3,265.12	5,100	3,265.12
- Equity shares of NFIL (UK) Ltd. of GBP 1.00 each.	51,40,000	4,921.59	35,15,000	3,462.60	25,84,000	2,673.48
<b>In subsidiary (Unquoted, fully paid up) - (at fair value as deemed cost)</b>						
- Equity shares of Navin Fluorine (Shanghai) Co. Ltd. of RMB 1.00 each. (net of impairment of ₹ 130.09 lakhs (March 31, 2017: Nil; April 1, 2016: Nil)	25,96,310	-	12,22,919	-	12,22,919	-
<b>In joint ventures (Unquoted, fully paid up) - (at cost)</b>						
- Equity shares of Swarnim Gujarat Fluorspar Private Limited of ₹ 10.00 each	10,82,500	108.25	10,82,500	108.25	10,82,500	108.25
- Equity shares of Convergence Chemicals Private Limited of ₹ 10.00 each	3,43,04,900	3,430.49	3,43,04,900	3,430.49	3,43,04,900	3,430.49
<b>(b) Investments in Partnership firm - (at cost)</b>						
Capital contribution in Urvija Associates	-	0.80	-	0.80	-	0.80
<b>Total</b>		<b>12,556.80</b>		<b>11,097.81</b>		<b>10,308.69</b>

## (₹ in Lakhs)

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 9. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(d) Investments in mutual funds - (at fair value through profit and loss) (contd...)</b>						
- UTI Fixed Term Income Fund XXVI - VII (1140) days (Growth Plan)	1,70,00,000	1,814.07	1,70,00,000	1,701.82	-	-
- Aditya Birla Sun Life Fixed Term Plan-Series OJ(1136 days) Growth Regular	1,50,00,000	1,603.04	1,50,00,000	1,501.23	-	-
- DHFL Pramerica Fixed Duration Fund-Series AF-Regular Plan Growth	50,000	539.95	50,000	500.61	-	-
- UTI Fixed Term Income Fund -Series XXVIII - II (1210 Days) - Growth Plan	1,00,00,000	1,018.02	-	-	-	-
- Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days), Regular Growth	62,50,000	634.08	-	-	-	-
- Sundaram Fixed Term Plan - IE - Regular Growth	1,00,00,000	1,013.45	-	-	-	-
- UTI FIXED Term Income Fund XXVIII – X- 1153 Days - Growth Plan	1,50,00,000	1,512.33	-	-	-	-
- DHFL Pramerica Fixed Duration Fund Series AR-Regular Plan Growth	50,000	502.24	-	-	-	-
- HDFC FMP 1208D March 2018 (1) - Regular - Growth - Series - 39	1,00,00,000	1,005.11	-	-	-	-
- Kotak FMP Series 220 - Growth (Regular Plan)	1,00,00,000	1,000.00	-	-	-	-
- HDFC Equity Savings Fund - Regular Plan -Growth	14,49,190	500.72	-	-	-	-
- Kotak Equity Savings Fund - Growth (Regular Plan)	38,08,598	502.65	-	-	-	-
- ICICI Prudential Equity Income Fund - Cumulative	39,00,156	499.61	-	-	-	-
<b>(e) Investments in Alternate investment fund - (at fair value through profit or loss)</b>						
- ASK Real Estate Special Situation Fund - I -RESSF-4071	200	200.00	50	50.00	-	-
<b>Total</b>		<b>18,871.50</b>		<b>6,611.89</b>		<b>13,076.27</b>
Of the above:						
Aggregate amount and market value of quoted investments		-		-		7,961.83
Aggregate amount of unquoted investments		18,871.50		6,611.89		5,114.44
Aggregate amount of impairment in value of investments		1.50		1.50		1.50

### Details of investment in partnership firm - Urvija Associates

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
Name of the partner	Total capital	Share of profits	Total capital	Share of profits	Total capital	Share of profits
Navin Fluorine International Limited	0.80	80%	0.80	80%	0.80	80%
Avanija Commercials Private Ltd. (formerly known as Mayflower Textiles Private Limited)	0.10	10%	0.10	10%	0.10	10%
Aditri Commercials Private Ltd. (formerly known as Myrtle Textiles Private Limited)	0.10	10%	0.10	10%	0.10	10%

# pending transfer in the Company's name and not available for physical verification.

## (₹ in Lakhs)

## 11. NON-CURRENT INCOME TAX ASSETS/ CURRENT INCOME TAX LIABILITIES (NET)

## 12. OTHER NON-CURRENT ASSETS

\* The above bank deposit is marked as lien against bank gurantee issued to Custom authorities.

Write-downs of inventories to net realisable value amounted to ₹33.93 lakhs (March 31, 2017 – ₹154.38 lakhs, April 1, 2016 – ₹97.72 lakhs). These were recognised as an expense during the year and included in 'Changes in Inventories of finished goods, work-in-progress and stock-in-trade' in the Statement of Profit and Loss.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 14. INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(a) Investments in Equity Instruments (Quoted, fully paid up) - (at fair value through profit or loss)</b>						
- Equity shares of NOCIL Limited of ₹ 10.00 each	22,79,550	4,361.95	38,78,550	3,640.08	-	-
- Equity shares of Mafatlal Industries Limited of ₹ 10.00 each	3,86,332	1,008.33	10,71,332	2,679.98	-	-
<b>(b) Investments in mutual funds (unquoted, fully paid) - (at fair value through profit or loss)</b>						
- HDFC FMP 737D October 2013-(1) Series 28- Regular- Growth	-	-	-	-	50,00,000	612.36
- ICICI Prudential Flexible Income Plan - Growth	4,29,052	1,430.10	-	-	9,67,810	2,770.08
- UTI Short Term Income Fund - Institutional option - Growth	-	-	-	-	53,35,523	969.29
- Reliance Interval Fund - II Series 2 - Growth plan	-	-	-	-	50,00,000	614.48
- ICICI Prudential Fixed Maturity Plan - Series 72 - 823 Days Plan H Cumulative	-	-	62,00,000	828.69	62,00,000	739.72
- DHFL Pramerica Fixed Maturity Plan Series 62 Regular Plan - Growth	-	-	2,00,49,046	2,572.91	-	-
- HDFC FMP 366 days March 2014-(2) Series 31- Regular Growth	-	-	1,10,00,000	1,406.83	-	-
- ICICI Prudential Banking & PSU Debt Fund - Growth	40,60,533	811.21	40,60,532	761.72	-	-
- ICICI Prudential Income Opportunities Fund - Growth	-	-	26,04,585	599.27	-	-
- HDFC Liquid Fund - Regular Plan - Growth	34,099	1,162.96	23,847	763.02	-	-
- IDFC Cash Fund - Growth - (Regular Plan)	55,588	1,169.26	16,376	322.77	-	-
- UTI Liquid Cash Plan Institutional Growth	16,205	459.80	10,776	286.27	-	-
- Aditya Birla Sun Life Short Term Fund - Growth - Regular Plan	19,48,412	1,294.66	-	-	-	-
- HDFC Short Term Opportunities Fund - Regular Plan Growth	80,96,415	1,552.46	-	-	-	-
- IDFC Corporate Bond Fund Regular Plan - Growth	1,16,95,255	1,390.36	-	-	-	-
- Kotak Corporate Bond Fund - Standard Growth (Regular Plan)	56,002	1,278.23	-	-	-	-
- HDFC Medium Term Opportunities Fund – Regular Plan Growth	26,48,375	511.43	-	-	-	-
- Sundaram Banking and PSU Debt Fund - Growth (Regular Plan)	18,73,017	510.31	-	-	-	-
- Kotak Flexi Debt Regular Plan-Growth	23,20,746	517.34	-	-	-	-
- Aditya Birla Sun Life Medium Term Plan - Growth-Regular Plan	23,80,340	523.14	-	-	-	-
- Aditya Birla Sun Life Savings Fund - Growth- Regular Plan	3,87,110	1,323.55	-	-	-	-
- Kotak Treasury Advantage Fund – Growth (Regular Plan)	52,34,831	1,454.95	-	-	-	-
<b>Total</b>		<b>20,760.04</b>		<b>13,861.54</b>		<b>5,705.93</b>
Of the above:						
Aggregate amount and market value of quoted investments		5,370.28		6,320.06		-
Aggregate amount of unquoted investments		15,389.76		7,541.48		5,705.93
Aggregate amount of impairment in value of investments		-		-		-

## (₹ in Lakhs)

## 16A. CASH AND CASH EQUIVALENTS

\*One current account with bank, which has not been transferred from Mafatlal Industries Limited pursuant to its scheme of demerger, is in the process of being transferred in the Company's name.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unpaid dividend	324.16	268.09	223.45
Buyback account	1.09	1.09	1.09
Deposits with original maturity of more than 3 month and less than 12 months	501.29	468.16	362.06
<b>Total</b>	<b>826.54</b>	<b>737.34</b>	<b>586.60</b>

	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Security deposits	67.60	49.47	54.69
Loans to related parties (refer note 45.1)	1,027.88	150.00	425.34
Loans to employees	0.75	1.23	2.22
<b>Total</b>	<b>1,096.23</b>	<b>200.70</b>	<b>482.25</b>

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 18. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rent Receivable	206.25	181.12	252.41
Derivative assets - Forward exchange contracts	17.97	64.65	41.14
<b>Total</b>	<b>224.22</b>	<b>245.77</b>	<b>293.55</b>

## 19. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances to suppliers	179.64	296.41	451.03
Prepaid expenses	99.01	95.03	102.04
Balances with government authorities	2,558.14	2,365.81	2,185.85
Other deposits	52.54	31.95	38.21
Others advances			
- Unsecured, considered good	214.68	183.42	233.12
- Unsecured, considered doubtful	1.85	2.43	2.43
	216.53	185.85	235.55
Less: Provision for doubtful advances	(1.85)	(2.43)	(2.43)
	214.68	183.42	233.12
<b>Total</b>	<b>3,104.01</b>	<b>2,972.62</b>	<b>3,010.25</b>

## 20. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Authorised Shares</b>			
17,50,00,000 equity shares of ₹ 2 each	3,500.00	3,500.00	3,500.00
<b>Issued, subscribed and fully Paid shares</b>			
4,93,50,810 (as at March 31, 2017 - 4,89,56,485, as at April 1, 2016 - 4,89,36,485) equity shares of ₹ 2 each	987.02	979.13	978.73
Less: Calls in arrears [refer note 20 (e)]	0.15	0.13	0.15
<b>Total</b>	<b>986.87</b>	<b>979.00</b>	<b>978.58</b>

(a) Reconciliation of the number of shares and amount outstanding:

Particulars	Number of shares	Amount
Balance as at April 1, 2016	4,89,36,485	978.73
Add: Shares issued on exercise of employee stock options during the year	20,000	0.40
<b>Balance as at March 31, 2017</b>	<b>4,89,56,485</b>	<b>979.13</b>
Add: Shares issued on exercise of employee stock options during the year	3,94,325	7.89
<b>Balance as at March 31, 2018</b>	<b>4,93,50,810</b>	<b>987.02</b>

(b) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 2.00 per share (refer note 40.1). Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the company in proportion to the number of and amounts paid on the shares held.

(d) Details of shareholders holding more than 5% shares in the Company:

(e) Calls unpaid (by other than officers and directors)

(f) Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

## (₹ in Lakhs)

(i) Capital Reserve No.1:

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## (ii) Capital Reserve no.2

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Balance	7,035.19	6,823.20
Add: Compensation received pursuant to Montreal Protocol for phasing out production of ozone depleting substances	-	211.99
<b>Closing Balance</b>	<b>7,035.19</b>	<b>7,035.19</b>

(iii) Capital redemption reserve

As at

As at

Particulars	March 31, 2018	March 31, 2017
Opening Balance	33.88	33.88
Closing Balance	33.88	33.88

## (iv) Securities Premium Reserve

As at

As at

Particulars	March 31, 2018	March 31, 2017
Opening Balance	1,164.72	1,148.82
Add: Received during the year on shares issued on exercise of employee stock options during the year	393.83	15.90
<b>Closing Balance</b>	<b>1,558.55</b>	<b>1,164.72</b>

(v) General Reserve

As at

As at

Particulars	March 31, 2018	March 31, 2017
Opening Balance	7,333.34	7,333.34
Closing Balance	7,333.34	7,333.34

(vi) Share Options Outstanding Account

As at

As at

Particulars	March 31, 2018	March 31, 2017
Opening Balance	230.69	125.98
Add: Recognition of share-based payments (Net)	(23.60)	104.71
<b>Closing Balance</b>	<b>207.09</b>	<b>230.69</b>

(vii) Call in arrears pending for allotment

As at

As at

Particulars	March 31, 2018	March 31, 2017
Opening Balance	0.07	-
Add: Calls in arrears received during the year	0.34	0.07
<b>Closing Balance</b>	<b>0.41</b>	<b>0.07</b>

## (₹ in Lakhs)

### Description of reserves

**Capital Reserve no. 2** - Capital reserve no. 2 was created for compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances.

**Securities premium reserve** - The Securities Premium was created on issue of shares at a premium. The reserve is utilised in accordance with the provisions of the Act.

**General Reserve** - The general reserve comprises of transfer of profits from retained earnings for appropriation purpose. The reserve can be distributed/utilised by the Company in accordance with the provisions of the Act.

**Share options outstanding account** - The employee stock options outstanding represents reserve in respect of equity settled share options granted to the Group's employees in pursuance of the employee stock option plan.

**Retained earnings** - This represent the amount of accumulated earnings of the Company.

## (₹ in Lakhs)

### 23. DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

### 23.1 MOVEMENT OF DEFERRED TAX

(i) Deferred tax assets/ liabilities in relation to the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Closing balance
<b>Deferred tax liabilities in relation to:</b>			
Property, plant and equipment and intangible assets	4,526.42	(712.91)	3,813.51
Financial assets measured at FVTPL	133.51	172.89	306.40
Others	19.09	(12.28)	6.81
<b>Total deferred tax liabilities (A)</b>	<b>4,679.02</b>	<b>(552.30)</b>	<b>4,126.72</b>
<b>Deferred tax assets in relation to:</b>			
Indexation benefit on Investment properties	1,241.46	73.55	1,315.01
Fair Valuation of loan to wholly owned subsidiary	247.91	(31.31)	216.60
Provision for Compensated Absences	314.14	(228.88)	85.26
Provision for doubtful debts/ advances	27.60	22.96	50.56
Tax credits (MAT credit entitlement)	666.20	(666.20)	-
Capital losses	98.31	(29.94)	68.37
Others	8.60	(8.46)	0.14
<b>Total deferred tax assets (B)</b>	<b>2,604.22</b>	<b>(868.28)</b>	<b>1,735.94</b>
<b>Total (A - B)</b>	<b>2,074.80</b>	<b>315.98</b>	<b>2,390.78</b>

(ii) Deferred tax assets/ liabilities in relation to the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Closing balance
<b>Deferred tax liabilities in relation to:</b>			
Property, plant and equipment and intangible assets	3595.47	930.95	4,526.42
Financial assets measured at FVTPL	77.17	56.34	133.51
Others	0.48	18.61	19.09
<b>Total deferred tax liabilities (A)</b>	<b>3,673.12</b>	<b>1,005.90</b>	<b>4,679.02</b>
<b>Deferred tax assets in relation to:</b>			
Indexation benefit on Investment properties	1,168.48	72.98	1,241.46
Fair Valuation of loan to wholly owned subsidiary	282.24	(34.33)	247.91
Provision for Compensated Absences	10.38	303.76	314.14
Provision for doubtful debts/ advances	32.16	(4.56)	27.60
Tax credits (MAT credit entitlement)	-	666.20	666.20
Capital losses	48.91	49.40	98.31
Others	1.32	7.28	8.60
<b>Total deferred tax assets (B)</b>	<b>1,543.49</b>	<b>1,060.73</b>	<b>2,604.22</b>
<b>Total (A - B)</b>	<b>2,129.63</b>	<b>(54.83)</b>	<b>2,074.80</b>

## (₹ in Lakhs)

## 25. BORROWINGS

The commercial papers carrying interest rate of 8.10% p.a. and is repayable within 3 months from April 1, 2016

## 26. TRADE PAYABLES

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 27. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unpaid dividends*	324.16	268.09	223.45
Unpaid money on buy-back of shares	1.09	1.09	1.09
Derivative liability - Forward exchange contract	9.18	73.13	80.96
Security Deposits received	1,131.19	1,095.29	1,010.40
<b>Total</b>	<b>1,465.62</b>	<b>1,437.60</b>	<b>1,315.90</b>

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end except for an amount of ₹ 9.16 lakhs pertaining to interim dividend for the period 2010-11 which has been transferred subsequent to the balance sheet date to the Investor Education and Protection Fund.

## 28. PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for compensated absences (refer note 42.3)	201.99	171.50	153.31
<b>Total</b>	<b>201.99</b>	<b>171.50</b>	<b>153.31</b>

## 29. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances from customers	446.06	415.86	249.01
Statutory dues	828.74	493.24	397.18
Deferred Government Grant	1.67	1.67	-
Gratuity Payable (refer note 42.2)	78.94	-	54.50
Other Payables			
- to a related party (refer note 45.1)	553.25	12,720.50	-
- Others	1,730.96	1,360.28	1,439.63
<b>Total</b>	<b>3,639.62</b>	<b>14,991.55</b>	<b>2,140.32</b>

### 30. REVENUE FROM OPERATIONS

	For the year ended	For the year ended
Particulars	March 31, 2018	March 31, 2017
Sale of products	85,871.27	72,782.79
Sale of services	2,184.11	703.55
Other operating revenues		
- Scrap Sales	147.14	131.90
- Export Incentives	403.25	61.49
<b>Total</b>	<b>88,605.77</b>	<b>73,679.73</b>

## (₹ in Lakhs)

### 32. COST OF MATERIALS CONSUMED

### 33. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

### 34. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, Wages and bonus	7,781.21	6,599.80
Contribution to provident and other funds (refer note 42.1 and 42.3)	630.07	559.09
Employee share-based payment expense (refer note 44)	64.02	104.71
Staff Welfare Expenses	451.11	263.05
Gratuity expenses (refer note 42.2)	153.82	134.10
<b>Total</b>	<b>9,080.23</b>	<b>7,660.75</b>

### 35. FINANCE COSTS

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
-Interest on borrowings	-	11.94
-Others	66.03	38.02
<b>Total</b>	<b>66.03</b>	<b>49.96</b>

### 36. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 5A)	3,709.09	2,729.12
Depreciation of investment property (refer note 6)	85.27	85.24
Amortisation of intangible assets (refer note 7)	22.95	20.89
<b>Total</b>	<b>3,817.31</b>	<b>2,835.25</b>

### 37. OTHER EXPENSES

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	5,240.33	4,498.05
Rent expense (refer note 41.1)	461.42	382.08
Repairs and Maintenance		
- Plant and Machinery	863.87	754.21
- Buildings	156.78	121.47
Consumption of stores and spares	3,092.96	2,675.07
Excise duty	(231.71)	94.48
Transport and freight charges (net)	1,920.11	1,564.06
Labor contract charges	1,468.72	1,267.72
Legal and Professional Charges (refer note 37.1)	1,345.42	1,288.59
Rates & Taxes	403.79	464.76
Insurance	108.35	105.61
Directors Sitting Fees	38.15	40.25
Loss on Sale/ retirement of property, plant & equipments	553.45	57.38
Net loss on foreign currency transactions and translation	-	22.60
Provision for doubtful debts / advances	64.07	(13.17)
Provision for diminution in value of investment	130.09	-
Expenditure on Corporate Social Responsibility (refer note 37.2)	296.52	302.08
Miscellaneous expenses	2,800.63	2,238.97
<b>Total</b>	<b>18,712.95</b>	<b>15,864.21</b>

## (₹ in Lakhs)

## 37.2 CORPORATE SOCIAL RESPONSIBILITY

## 38 INCOME TAXES

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>In respect of the current year</b>		
- Current tax recognised in Statement of Profit and Loss	8,036.11	4,465.96
- Deferred tax recognised in Statement of Profit and Loss	315.98	(54.83)
	<b>8,352.09</b>	<b>4,411.13</b>
<b>In respect of the current year</b>		
- Current tax recognised in other comprehensive income	(36.78)	(38.33)
	<b>(36.78)</b>	<b>(38.33)</b>
<b>Total income tax expense recognised in the current year</b>	<b>8,315.31</b>	<b>4,372.80</b>

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Profit before tax</b>	<b>26,248.46</b>	<b>17,676.03</b>
Income tax expense calculated at 34.608% (2016-2017: 34.608%)	9,084.07	6,117.31
Effect of:		
Income exempt from tax	(1,945.60)	(821.61)
Expenses that are not deductible in determining taxable profit	182.70	141.07
Tax concessions availed / reversed	174.58	(1,358.59)
Unused tax losses and tax setoff not recognised as deferred tax assets earlier	-	(196.12)
Income taxable at different tax rate	136.17	(40.58)
Deductible temporary differences on account of indexation benefits recognised as deferred tax assets	(73.55)	(72.98)
Excess provision for tax	-	666.20
Income tax on sale of undertaking	466.31	-
Finance lease income chargeable to tax	288.98	-
Others	38.43	(23.57)
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>8,352.09</b>	<b>4,411.13</b>

### 39. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. Chairman and Managing Director of the Company are the chief operating decision makers. The Company operates only in one Business Segment i.e. 'Chemical Business' which constitutes a single reporting segment.

The Company has two geographical segments based upon location of its customers - within and outside India:

₹ in lakhs

PARTICULARS	As at and for the year ended March 31, 2018			As at and for the year ended March 31, 2017		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	44,066.91	44,538.86	88,605.77	42,378.00	31,301.73	73,679.73
Carrying cost of non current assets@	39,659.83	8,349.41	48,009.24	53,875.51	6,890.43	60,765.94
Cost incurred on acquisition of property, plant and equipment	4,326.28	-	4,326.28	17,431.05	-	17,431.05

@ Excluding financial assets.

**Note:** Considering the nature of business of the Company in which it operates, the Company deals with various customers. Consequently, none of the customer contributes materially to the revenue of the Company.

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under

(₹ in Lakhs)

**40.1** At the 19th Annual General Meeting of the Company held on June 29, 2017, Members of the Company have passed Resolution approving sub-division of shares in the ratio of 5 Equity Shares of ₹ 2 each for every 1 Equity Share of ₹ 10 each. The record date for the aforesaid sub-division was July 20, 2017. Consequently, the basic and diluted earnings per share have been adjusted for the sub-division of shares for the year ended March 31, 2017 in accordance with the provisions of Ind AS 33, 'Earnings per Share'.

41.1 The Company has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancellable in nature and range between 11 months to 60 months. These leave and license agreements are generally renewable or cancelable at the option of the Company or the lessor. The lease payment recognised in the Statement of Profit and Loss is ₹ 461.42 lakhs (as at March 31, 2017 ₹ 382.08 lakhs).

41.2 The Company has taken office premise under non-cancellable lease rental agreement. Details of minimum lease payments for the same are as under: (₹ in Lakhs)

(₹ in Lakhs)

## 42. EMPLOYEE BENEFIT PLANS

The company has recognised the following amounts in the Statement of Profit and Loss for the year:

(₹ in Lakhs)

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

## 42.2 Defined Benefit Plans

(i) Risk exposure to defined benefit plans

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Indian government securities; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2018. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

## (ii) Gratuity (Funded)

The Company sponsors funded defined benefit gratuity plan for all eligible employees of the Company. The Company's defined benefit gratuity plan requires contributions to be made to a separately administered trust. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Company makes provision for gratuity fund based on an actuarial valuation carried out at the end of the year using 'projected unit credit' method.

(a) Principal assumptions

The principal assumptions used for the purposes of the actuarial valuations of gratuity liability were as follows.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1. Discount rate	7.68%	7.09%	7.79%
2. Salary escalation	11%	10%	10%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate		
4. Attrition rate	11%	11%	11%

(b) The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plan (gratuity) is as follows:

## Balances of defined benefit plan

(₹ in lakhs)

	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded defined benefit obligation	(2,046.82)	(1,794.01)	(1,598.46)
Fair value of plan assets	1,967.88	1,799.15	1,543.96
Net (liability)/asset arising from gratuity	(78.94)	5.14	(54.50)

- Following is the amount recognised in Statement of Profit and Loss, other comprehensive income, movement in defined benefit liability (i.e. gratuity) and movement in plan assets:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Components of expense recognised in the Statement of Profit and Loss</b>		
Current service cost	154.18	129.85
Past service cost and (gain)/loss from settlements	-	-
Net interest expenses	(0.36)	4.25
<b>Total (A) (refer note 34)</b>	<b>153.82</b>	<b>134.10</b>
<b>B. Components of defined benefit costs recognised in other Comprehensive Income</b>		
Remeasurement on the net defined benefit liability:		
-Return on plan assets (excluding amounts included in net interest expense)	15.94	0.98
-Actuarial gains and losses arising from changes in financial assumptions	38.48	59.74
-Actuarial gains and losses arising from experience adjustments	50.84	50.04
<b>Total (B)</b>	<b>105.26</b>	<b>110.76</b>
<b>C. Movements in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,794.01	1,598.46
Current service cost	154.18	129.85
Interest cost	127.20	124.52
Remeasurement (gains)/losses:		
-Actuarial gains and losses arising from changes in demographic assumptions		-
-Actuarial gains and losses arising from changes in financial assumptions	38.48	59.74
-Actuarial gains and losses arising from experience adjustments	50.84	50.04
Liabilities assumed for employee transferred from other entity	-	55.92
Benefits paid	(117.90)	(224.52)
<b>Closing defined benefit obligation (C)</b>	<b>2,046.81</b>	<b>1,794.01</b>
<b>D. Movements in the fair value of the plan assets</b>		
Opening fair value of plan assets	1,799.15	1,543.96
Interest income	127.56	120.27
Remeasurement gain (loss):		
-Return on plan assets (excluding interest income)	(15.94)	(0.98)
Contributions by employer	175.00	304.50
Asset transferred in for employee transferred from other entity	-	55.92
Benefits paid	(117.90)	(224.52)
<b>Closing fair value of plan assets (D)</b>	<b>1,967.87</b>	<b>1,799.15</b>

- (e) Category wise plan assets

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Central Government of India	11.81%	12.52%	20.17%
State Government Securities	20.16%	18.02%	12.99%
Special Deposits Scheme	9.80%	10.38%	9.90%
Debt Instruments/Corp Bonds	58.23%	59.08%	56.94%

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

- (f) The weighted average duration of the defined benefit obligation is 7 years (Previous year : 6 years). The expected maturity analysis of gratuity is as follows:

analysis of gratuity is as follows:

	(₹ in lakhs)		
Particulars	Within 1 year	1-5 years	Above 5 years
As at March 31, 2018	198.31	487.80	1,540.07
As at March 31, 2017	317.64	785.67	1,679.51

- (g) Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase and attrition rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. Following is the impact of changes in assumption in defined benefit obligation of gratuity:

	As at March 31, 2018	As at March 31, 2017
<b>Increase/ (decrease) in assumptions</b>		
Impact of discount rate for 50 basis points increase	(49.86)	(50.63)
Impact of discount rate for 50 basis points decrease	52.61	38.01
Impact of salary escalation rate for 50 basis points increase	50.76	36.57
Impact of salary escalation rate for 50 basis points decrease	(48.62)	(49.70)
Impact of attrition rate for 50 basis points increase	(10.64)	(15.99)
Impact of attrition rate for 50 basis points decrease	11.13	1.36

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(iii) Provident fund (funded)

In respect of certain employees, provident fund contributions are made to a separately administered trust. Such contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the guaranteed specified interest rate, the same is provided for by the Company. The actuary has provided an actuarial valuation and the interest shortfall liability, if any, has been provided in the books of accounts after considering the assets available with the provident fund trust.

- (a) The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plan (trust managed provident fund) is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Present value of funded defined benefit obligation	(2,373.85)	(1,806.73)	(1,606.98)
Fair value of plan assets	2,523.55	1,931.68	1,732.62
Net Assets/(Liabilities)*	-	-	-

\* Excess of fair value of plan assets over present value of funded defined benefit obligation has not been recognised.

- Following is the amount recognised in Statement of Profit and Loss, movement in defined benefit liability (i.e.provident fund) and movement in plan assets:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Components of expense recognised in the Statement of Profit and Loss</b>		
Current service cost	144.26	128.70
Expected Return on plan assets	(180.47)	(128.80)
Net interest expenses	180.47	128.80
<b>Total (A)</b>	<b>144.26</b>	<b>128.70</b>
<b>B. Movements in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,806.73	1,606.98
Current service cost	144.26	128.70
Interest cost	180.47	128.80
Employee Contribution	217.82	185.63
Liabilities assumed for employee transferred from other entity	183.24	15.46
Benefits paid	(158.67)	(258.84)
<b>Closing defined benefit obligation (B)</b>	<b>2,373.85</b>	<b>1,806.73</b>
<b>C. Movements in the fair value of the plan assets</b>		
Opening fair value of plan assets	1,931.68	1,732.62
Remeasurement gain/(loss):	24.75	(0.69)
Expected Return on plan assets	180.47	128.80
Contributions	362.08	314.33
Asset transferred in for employee transferred from other entity	183.24	15.46
Benefits paid	(158.67)	(258.84)
<b>Closing fair value of plan assets (C)</b>	<b>2,523.55</b>	<b>1,931.68</b>

- The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Central Government of India	11.17%	13.36%	15.17%
State Government Securities	20.73%	15.11%	10.41%
Special Deposits Scheme	30.15%	34.22%	38.82%
Public Sector Units	34.01%	33.69%	32.43%
Private Sector Bonds	2.04%	1.44%	0.87%
Others	1.90%	2.18%	2.30%

The liability for Compensated absences as determined by Independent actuary as at the balance sheet date is ₹ 1,083.45 lakhs (March 31, 2017: ₹ 912.85 lakhs; April 1, 2016: ₹ 767.75 lakhs).

## 43.1 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return to shareholders the capital or issue new shares or take such appropriate action as may be

## Notes to the Standalone Financial Statements

needed. The Company considers total equity reported in the financial statements to be managed as part of capital. The Company does not have any borrowings as at March 31, 2018 and March 31, 2017.

## 43.2 Fair value measurements

(i) Categories of financial instruments

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Financial assets</b>			
<b>Measured at Amortised Cost</b>			
– Cash and Bank Balances	2,189.20	2,973.14	1,518.99
– Investments	296.29	-	-
– Trade receivables	14,713.80	13,077.70	14,011.34
– Loans	2,808.04	1,952.99	2,231.87
– Other financial assets	206.25	181.12	252.41
<b>Measured at fair value through profit and loss (FVTPL)</b>			
(a) mandatorily measured			
– Equity instruments	5,524.87	6,474.65	8,116.42
– Investments in mutual funds / Other funds	33,810.38	13,998.78	10,665.78
– Derivative assets	17.97	64.65	41.14
(b) designated at FVTPL	-	-	-
Measured at fair value through other comprehensive income (FVTOCI)	-	-	-
<b>Financial liabilities</b>			
<b>Measured at Amortised Cost</b>			
– Borrowing	-	-	2,990.40
– Trade payable	9,173.11	7,604.84	7,593.98
– Other financial liabilities	1,456.44	1,364.47	1,234.94
<b>Measured at fair value through profit and loss (FVTPL)</b>			
(a) mandatorily measured			
– Derivative liability	9.18	73.13	80.96
(b) designated at FVTPL	-	-	-

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets measured at fair value -

(₹ in lakhs)

recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in equity instruments				
As at March 31, 2018	5,370.28	154.59	-	5,524.87
As at March 31, 2017	6,320.06	154.59	-	6,474.65
As at April 1, 2016	7,961.83	154.59	-	8,116.42

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

1. The fair value of the quoted investments is determined using quoted bid prices in an active market.
2. The fair value of the unquoted investments is determined using the inputs other than quoted prices included in level 1 that are observable for assets and liabilities.
3. Company has made investments in 'Ask Real Estate Special Situation Fund'. The aforesaid Fund has been set up to invest in various projects, however, the Fund currently is in start up phase. Hence, based on management assessment, the fair value of such investment is not materially different from its carrying value.

The carrying amounts of cash and cash equivalents, trade receivables, receivables from related parties and trade payables are considered to be the same as their fair values due to their short-term nature. Fair value of security deposits approximates the carrying value.

The Company's activities exposes it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of financial risks on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and other price risk. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including forward foreign exchange contracts.

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

#### 43.5 Foreign exchange risk

(i) Exposure to foreign exchange risk:

The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the functional currency of the entity in the Company. The risk also includes highly probable foreign currency cash flows.

The Company has exposure arising out of export, import and other transactions other than functional risks. The Company hedges its foreign exchange risk using foreign exchange forward contracts. The same is within the guidelines laid down by Risk Management Policy of the Company.

(ii) Foreign exchange risk management:

To manage the foreign exchange risk arising from recognized assets and liabilities, Company use spot transactions, foreign exchange forward contracts, according to the Company's foreign exchange risk policy. Company's treasury is responsible for managing the net position in each foreign currency and for putting in place the appropriate hedging actions. The Company's foreign exchange risk management policy is to selectively hedge net transaction exposures in major foreign currencies.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	(₹ in lakhs)	(Foreign Currency In lakhs)	(₹ in lakhs)	(Foreign Currency In lakhs)	(₹ in lakhs)	(Foreign Currency In lakhs)
Amount receivable						
USD	54.71	0.84	-	-	138.06	2.08
GBP	7.24	0.08	10.77	0.13	2.26	0.02
EURO	13.07	0.16	-	-	-	-
Amount payable						
USD	1138.86	17.47	44.02	0.68	66.06	1.00
GBP	0.75	0.01	0.40	*	0.12	*
EURO	-	-	-	-	2.75	0.04

\* Amount is below the rounding off norms adopted by the Company

(iii) Foreign exchange risk sensitivity:

3% is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding unhedged foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. A positive number below indicates an increase in profit and negative number below indicates a decrease in profit. Following is the analyze of change in profit where the Indian Rupee strengthens and weakens by 3% against the relevant currency:

	(₹ in lakhs)			
	For year ended March 31, 2018		As at March 31, 2017	
Foreign currency	3% strengthen	3% weakening	3% strengthen	3% weakening
USD	(32.52)	32.52	(1.32)	1.32
GBP	0.19	(0.19)	0.31	(0.31)
EURO	0.39	(0.39)	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Currency	Exposure to buy / sell	As at the year end	
		₹ in lakhs	Foreign Currency in lakhs
<b>US Dollars</b>			
March 31, 2018	sell	5656.83	86.48
March 31, 2017	sell	5,233.40	80.70
April 1, 2016	sell	6,730.16	101.58
<b>GBP</b>			
March 31, 2018	sell	-	-
March 31, 2017	sell	-	-
April 1, 2016	sell	37.23	0.39
<b>EURO</b>			
March 31, 2018	sell	246.42	3.03
March 31, 2017	sell	18.61	0.27
April 1, 2016	sell	112.64	1.49
<b>US Dollars</b>			
March 31, 2018	Buy	2,737.37	41.82
March 31, 2017	Buy	2,387.82	36.82
April 1, 2016	Buy	2,986.75	45.08

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The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of our customers' financial condition; ageing of trade accounts receivable and the Company's historical loss experience.

Trade receivables are written off when there is no reasonable expectation of recovery. The allowance for lifetime expected credit loss on customer balances as at March 31, 2018 was ₹ 142.83 lakhs (₹ 77.31 lakhs as at March 31, 2017; ₹ 90.49 lakhs as at April 1, 2016).

## Movement in the credit loss allowance

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning	77.31	90.49
Movement in expected credit loss allowance on trade receivable calculated at lifetime expected credit losses	65.52	(13.18)
Balance at the end	142.83	77.31

## b) Cash and Cash Equivalent

Credit risk on cash and cash equivalents is limited as Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

c) Investment in Mutual Funds

Credit risk on investments in mutual fund is limited as Company invested in mutual funds issued by the financial institutions with high credit ratings assigned by credit rating agencies.

### 43.8 Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

(i) Liquidity risk tables

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2018 and March 31, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable liquid investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

## (ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in lakhs)

Contractual maturities of financial liabilities	Carrying amount	Less than 1 year	more than 1 year	Total
As at March 31, 2018				
– Trade payable	9,173.11	9,173.11	-	9,173.11
– Other financial liabilities (other than derivative)	1,456.44	1,456.44	-	1,456.44
– Derivative liabilities (on net basis)	9.18	9.18	-	9.18
As at March 31, 2017				
– Trade payable	7,604.84	7,604.84	-	7,604.84
– Other financial liabilities	1,364.47	1,364.47	-	1,364.47
– Derivative liabilities (on net basis)	73.13	73.13	-	73.13
As at April 1, 2016				
– Borrowing	2,990.40	2,999.99	-	2,999.99
– Trade payable	7,593.98	7,593.98	-	7,593.98
– Other financial liabilities	1,234.94	1,234.94	-	1,234.94
– Derivative liabilities (on net basis)	80.96	80.96	-	80.96

### Details of the employee share based plan of the Company

**Employee stock option scheme 2017 (“ESOS 2017”)** - The Shareholders of the Company at their Annual General Meeting held on June 29, 2017 had approved the issue of Stock Options to eligible employees and directors, including the Managing Director(s) and the Whole Time Director(s) but excluding the promoters or persons belonging to the promoter group of the Company and its subsidiary companies to the extent maximum of 5% of issued and paid up share capital of the Company from time to time. Each option is exercisable into one fully paid-up Equity Shares of ₹ 2 each of the Company. These options are to be issued in one or more tranches and on such terms and conditions (including exercise price, vesting period, exercise period etc.) as may be determined by the Nomination and Remuneration Committee (NRC) in accordance with the provisions of the ESOS 2017, SEBI Regulations and in compliance with other applicable laws and regulations. The stock options granted under ESOS 2017 shall be capable of being exercisable on vesting within 10 years from grant date.

- | Scheme    | Grant date       | Number of<br>Stock Options |                | Exercise Price (₹) |
|-----------|------------------|----------------------------|----------------|--------------------|
|           |                  | Granted                    | Vesting period |                    |
| ESOS 2007 | July 28, 2007    | 1,11,000*                  | 4 Years        | 74.84              |
|           | July 28, 2007    | 40,000*                    | 4 Years        | 81.49              |
|           | April 28, 2014   | 4,33,500*                  | 2 Years        | 78.00              |
|           | June 29, 2015    | 1,50,115*                  | 2 Years        | 194.80             |
|           | October 24, 2016 | 56,075*                    | 2 Years        | 554.40             |
| ESOS 2017 | March 19, 2018   | 58,830                     | 2 Years        | 780.00             |

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(ii) The following reconciles the Stock Options outstanding at the beginning and end of the period:

	Year ended March 31, 2018		Year ended March 31, 2017	
Scheme	Number of stock option	Weighted average exercise price (₹)	Number of stock option	Weighted average exercise price (₹)
<b>Balance at beginning of year</b>				
ESOS 2007	5,90,010	154.02	5,65,535	108.59
ESOS 2017	-	-	-	-
<b>Granted during the year</b>				
ESOS 2007	-	-	56,075	554.40
ESOS 2017	58,830	780.00	-	-
<b>Exercised during the year</b>				
ESOS 2007	3,94,325	78.98	20,000	81.40
ESOS 2017	-	-	-	-
<b>Expired during the year</b>				
ESOS 2007	(1,925)	554.40	(11,600)	133.62
ESOS 2017	(130)	780.00	-	-
<b>Balance at the end year</b>				
ESOS 2007	1,93,760	295.60	5,90,010	154.02
ESOS 2017	58,700	780.00	-	-

(iii) Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry Date	Exercise price (₹)	Share options March 31, 2018	Share options March 31, 2017	Share options April 1, 2016
July 28, 2007	July 27, 2017	81.49	-	-	20,000
April 28, 2014	April 27, 2024	78.00	-	3,91,000	3,98,000
June 29, 2015	June 28, 2025	194.80	1,39,910	1,43,235	1,47,535
October 24, 2016	October 23, 2026	554.40	53,850	55,775	-
March 19, 2018	March 18, 2028	780.00	58,700	-	-

(iv) Stock Options granted during the period were fair valued using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility over the past 1 year:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Inputs into the model</b>		
Expected volatility (%)	38.63%	39.68%
Option life (Years)	4	7
Dividend yield (%)	1.11%	3.82%
Risk-free interest rate	7.65%	6.83%

Expenses arising from employee share based payment transaction recognised in the Statement of Profit and Loss as part of employee benefit expense for the year ended March 31, 2018 is ₹ 64.02 lakhs (March 31, 2017 ₹ 104.71 lakhs). Also refer note 34.

Following are the name and relationship of related parties with which Company have transactions/ balances:

- Mafatlal Industries Limited (upto August 19, 2016)  
NOCIL Limited (upto August 19, 2016)  
Arvind Mafatlal Foundation Trust  
Sri Sadguru Seva Sangh Trust  
Seth Navinchandra Mafatlal Foundation Trust

- Swarnim Gujarat Fluorspar Private Limited, India  
Convergence Chemicals Private Limited, India

- Sulakshana Securities Limited, India  
Manchester Organics Limited, United Kingdom  
Navin Fluorine (Shanghai) Co. Limited, China  
NFIL (UK) Limited, United Kingdom

- NFIL USA, Inc., United State of America

- Urvija Associates, India - a partnership firm where the Company is a partner

- Shri Hrishikesh A. Mafatlal (upto August 19, 2016)  
Shri Vishad P Mafatlal (Executive Director w.e.f. August 19, 2016)  
Shri Shekhar S. Khanolkar - Managing Director  
Shri T.M.M. Nambiar - Independent Non-Executive Director  
Shri P.N.Kapadia - Independent Non-Executive Director  
Shri S.S.Lalbhai - Independent Non-Executive Director  
Shri S.M.Kulkarni - Independent Non-Executive Director  
Shri S.G.Mankad - Independent Non-Executive Director  
Shri H.H.Engineer - Independent Non-Executive Director  
Shri A.K.Srivastava - Independent Non-Executive Director  
Smt R.V.Haribhakti - Independent Non- Executive Director

## (₹ in Lakhs)

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## (₹ in Lakhs)

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	Year ended March 31, 2018	Year ended March 31, 2017
<b>Transactions</b>		
<b>Donation</b>		
Sri Sadguru Seva Sangh Trust	110.00	60.00
Arvind Mafatlal Foundation Trust	-	100.00
<b>Managerial remuneration</b>		
Shri Hrishikesh A. Mafatlal	-	236.08
Shri Vishad P.Mafatlal	565.17	269.16
Shri Shekhar S. Khanolkar	660.41	347.01
<b>Director Sitting fees and Commission</b>		
Shri Vishad P. Mafatlal	-	1.75
Shri T.M.M. Nambiar	21.60 *	18.30
Shri P. N. Kapadia	21.60 *	17.95
Shri S. S. Lalbhai	21.95 *	17.60
Shri S. M. Kulkarni	21.95 *	18.30
Shri S. G. Mankad	19.85 *	15.50
Shri H.H.Engineer	19.85 *	15.50
Shri A.K.Srivastava	19.85 *	15.50
Smt R.V.Haribhakti	19.50 *	15.85

Disclosures of closing balances:

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as at and for the year ended March 31, 2018

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Transactions</b>			
<b>Amounts due from</b>			
Manchester Organics Limited	35.51	12.07	10.12
Mafatlal Industries Limited	-	0.03	0.09
Urvija Associates	1.58	1.74	1.86
Sulakshana Securities Limited	1,049.16	1,188.68	1,202.84
NFIL (UK) Ltd.	37.51	37.51	37.51
Convergence Chemicals Private Limited	976.57	-	275.34
<b>Corporate Guarantee given</b>			
NFIL (UK) Ltd.	2,952.88	2,588.88	3,055.12
Convergence Chemicals Private Limited	4,900.00	4,900.00	-

Terms and Condition:

## 1. Sales

The sales to related parties are in the ordinary course of business. Sales transactions are based on prevailing price lists. For the year ended March 31, 2018, the Company has not recorded any loss allowances for trade receivables from related parties.

## 2. Purchases

The purchases from related parties are in the ordinary course of business. Purchase transactions are based on normal commercial terms and conditions and at market rates.

### 3. Loan to Wholly Owned Subsidiary

Company had give interest free loan to Sulakshna Securities Limited (SSL) pursuant to the sanctioned scheme of rehabilitation. Amount lying as at March 31, 2018 is ₹ 1,669.00 lakhs (March 31, 2017: ₹ 1,905.00 lakhs; March 31, 2016: ₹ 2,010.00 lakhs). Under Ind AS 109 'Financial Instruments' the same has been fair valued. Accordingly, ₹ 815.55 lakhs has been disclosed as Investment in equity of SSL and ₹ 1,049.16 lakhs as loans to SSL as at March 31, 2018 (March 31, 2017: ₹ 815.55 lakhs and ₹ 1188.68; April 1, 2016: ₹ 815.55 lakhs and ₹ 1,202.84 lakhs).

#### 4. Loan to Joint Venture Company

The Company has given loan to Convergence Chemicals Private Limited (CCPL) for working capital requirement. The loan balances as at March 31, 2018 was ₹ 325.00 lakhs. These loans are unsecured and carry an interest rate of 14% and repayable on demand.

## 5. Guarantees to subsidiary and joint venture company

Guarantees provided to the lenders of the subsidiary and joint venture company are for availing term loans from the lender banks.

## 46. CAPITAL AND OTHER COMMITMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>I Capital commitments for Property, Plant and Equipment:</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for	474.02	894.51	439.96
<b>II Other commitments:</b>			
Estimated amount of obligation on account of non-fulfillment of export commitments under various advance licenses	324.11	92.29	47.90

## (₹ in Lakhs)

Note : It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

The details of research and development expenditure of ₹ 1,787.68 lakhs (as at March 31, 2017 ₹ 1,427.54 lakhs) included in the figures reported under notes 5 and 32 to 37 are as under:

**49.** Mafatlal Industries Limited was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers had asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the sanctioned scheme of Mafatlal Industries Limited, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

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## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

### 51. FIRST-TIME ADOPTION OF IND-AS

This is the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes..

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### Ind AS Optional exemptions

##### (i) Business Combination

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively for all the business combinations occurred before the transition date i.e. April 1, 2016.

##### (ii) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment, Intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment properties at their previous GAAP carrying value.

##### (iii) Investments in subsidiary companies and joint venture companies

Ind AS 101 permits a first-time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost. The deemed cost of such investment shall be its fair value at date of transition to Ind AS of the Company, or previous GAAP carrying amount at that date. The Company has elected to measure its investment in subsidiary companies, associate company and joint venture companies at previous GAAP carrying amount as its deemed cost on the transition date except for one subsidiary company which is measured at fair value at the date of transition to Ind AS.

##### (iv) Share-based payments

The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

##### Ind AS mandatory exception

##### (i) Estimates

The entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Upon an assessment of the estimates made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by previous GAAP.

##### (ii) Classification and measurement of financial asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

## (₹ in Lakhs)

51.2 Reconciliation of total comprehensive income for the year ended March 31, 2017:

(₹ in Lakhs)

**Note:** Total comprehensive income was not reported under previous GAAP. Therefore the reconciliation starts with net profit under previous GAAP.

51.3 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017:

There is no changes in net cash flow from each activity i.e. operating, investing and financing on account of application of Ind AS.

### Notes to Reconciliation

A. Fair valuation of investments in Equity instruments and mutual funds

Under previous GAAP, investments in equity instruments and mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, Fair value changes with respect to investments in equity instruments/mutual funds have been recognised in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss.

### B. Fair valuation of investments in subsidiaries

The Company has considered fair value of an investment in a subsidiary as its deemed cost as at transition date. This has resulted in reduction of equity and investments by ₹ 113.92 lakhs as at April 1, 2016.

### C. Forward Exchange Forward Contracts

Under previous GAAP, foreign currency forward contract has been accounted by amortising the forward premium/ discount. Under

## Notes to the Standalone Financial Statements as at and for the year ended March 31, 2018

Ind AS, these derivative instruments are measured at fair value at each reporting date with changes in the fair value is recognised in the Statement of Profit and Loss.

#### D. Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value on initial recognition. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

E. Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date, but before the approval of the Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the General Meeting.

F. Employee stock option expense

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

G. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements that is actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of Statement of Profit or Loss. Under previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year.

H. Loan to wholly owned subsidiary

Under previous GAAP, loans given to wholly owned subsidiary were long-term in nature and measured at cost. Ind AS 109 'Financial Instruments' requires all financial instruments to be measured on initial recognition at fair value. On initial recognition the fair value of loans to wholly owned subsidiary has been estimated by discounting the future loan repayments using the rate the borrower may pay to an unrelated lender for a loan. Accordingly, the difference between the transaction amount and its fair value at the date of transaction has been recorded as an investment in equity of the related entity. Subsequently, the loan is measured at amortised cost using effective interest rate method at each balance sheet date.

l. Deferred tax

Current tax/Deferred tax have been recognised on the adjustments made on transition to Ind AS. MAT credit entitlement as per previous GAAP is reclassified under deferred tax assets.

Other explanatory notes not impacting total equity or profit

## Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in the Statement of Profit and Loss but are shown in the Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

## Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on face of the Statement of Profit and Loss.

## Discounts and Commission

Under the previous GAAP, cash discount and other trade offers and incentives were forming part of other expenses. Under Ind AS, the same has been netted off against revenue.

- (₹ in Lakhs)

54. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classifications / disclosures

Firm Registration No. 012754N/N500016

*Directors*

To  
The Members of  
**Nayin Fluorine International Limited**

1. We have audited the accompanying consolidated Ind AS financial statements of Navin Fluorine International Limited ("hereinafter referred to as the Holding Company") and its subsidiaries [the Holding Company, its subsidiaries (including a step down subsidiary) together referred to as "the Group"], its associate and joint ventures; (refer Note 1B to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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, consolidated cash flows and changes in equity of the Group including its associates and joint ventures in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures 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 associate and joint ventures respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the 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, its associate and joint ventures as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

8. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 2,642.25 lakhs and net assets of ₹ 270.86 lakhs as at March 31, 2018, total revenue of ₹ 393.63 lakhs, total comprehensive income (comprising of net profit and other comprehensive income) of ₹ 188.37 lakhs and net cash flows amounting to ₹ 1.92 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive loss (comprising of loss and other comprehensive loss) of ₹ 0.15 lakhs and ₹ 267.99 lakhs for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of one associate and two joint ventures respectively, whose financial statements have not been audited by us. These financial statements of subsidiary, associate and joint ventures have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary, associate and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, associate and joint ventures is based solely on the reports of the other auditors.

- reflect total assets of ₹ 0.14 lakhs and net assets of ₹ 0.07 lakhs as at March 31, 2018, total revenue, total comprehensive income (comprising of profit and other comprehensive income) of ₹ Nil and net cash flows amounting to ₹ 0.7 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this step down subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid step down subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

- Our opinion on the consolidated Ind AS 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 other auditors and the financial information certified by the Management.

11. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued

statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated April 28, 2017 and April 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us..

#### Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, 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 Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, associate and joint ventures incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, associate and joint ventures incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate and joint ventures incorporated in India, none of the directors of the Group companies, its associate and joint ventures incorporated in India is disqualified as on March 31, 2018

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 with reference to financial statements of the Holding Company, its subsidiary companies, associate and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group, its associate and joint ventures— Refer Note 47 to the consolidated Ind AS financial statements.
  - ii. The Group, its associate and joint ventures have long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Group, its associate and joint ventures did not have any long term derivative contracts as at March 31, 2018.
  - iii. As explained in Note 27 to the consolidated Ind AS financial statements, during the year ended March 31, 2018, there has been a delay in transferring amount of Rs. 9.16 lakhs to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by subsidiary companies, associate and joint ventures incorporated in India during the year ended March 31, 2018.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group, its associate and joint ventures for the year ended March 31, 2018.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/ N-500016

**Jeetendra Mirchandani**

*Partner*

Mumbai  
May 9, 2018

Membership Number 48125



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 with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Holding Company, its subsidiary companies and joint venture companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial

statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements 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**

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company and 2 joint venture companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

**For Price Waterhouse Chartered Accountants LLP**  
 Firm Registration Number: 012754N/ N-500016

Mumbai  
 May 9, 2018

**Jeetendra Mirchandani**  
*Partner*  
 Membership Number 48125

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a. Property, plant and equipment	5A	28,183.54	41,497.43	27,239.27
b. Capital work-in-progress	5B	2,008.59	1,683.12	1,394.56
c. Investment properties	6	5,729.41	5,842.88	5,956.32
d. Goodwill	7	8,776.41	8,776.41	8,776.41
e. Other intangible assets	7	74.28	29.41	68.50
f. Investment accounted for using the equity method	8	3,150.19	3,418.18	3,453.70
g. Financial assets				
i. Investments	9	18,923.15	6,611.89	13,076.27
ii. Loans	10	734.48	676.02	705.30
h. Non-current Income tax assets (net)	11	1,033.53	1,881.13	1,629.25
i. Other non-current assets	12	439.09	587.05	493.80
<b>Total non-current assets</b>		<b>69,052.67</b>	<b>71,003.52</b>	<b>62,793.38</b>
<b>Current assets</b>				
a. Inventories	13	11,383.16	11,274.61	7,552.57
b. Financial assets				
i. Investments	14	20,760.04	13,861.54	5,705.93
ii. Trade receivables	15	15,559.93	13,758.73	15,187.53
iii. Cash and cash equivalents	16A	1,838.79	2,426.56	1,449.42
iv. Bank balances other than (iii) above	16B	1,905.44	1,756.10	1,426.83
v. Loans	17	1,176.87	230.39	332.25
vi. Other financial assets	18	346.31	368.24	411.67
c. Other current assets	19	3,534.58	3,058.67	3,202.95
<b>Total current assets</b>		<b>56,505.12</b>	<b>46,734.84</b>	<b>35,269.15</b>
<b>Total assets</b>		<b>1,25,557.79</b>	<b>1,17,738.36</b>	<b>98,062.53</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a. Equity share capital	20	986.87	979.00	978.58
b. Other equity	21	97,361.36	82,538.93	72,063.38
<b>Total equity</b>		<b>98,348.23</b>	<b>83,517.93</b>	<b>73,041.96</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a. Financial Liabilities				
i. Borrowings	22	421.84	1,109.52	2,182.17
b. Provisions	23	881.46	741.35	614.44
c. Deferred tax liabilities (Net)	23A	3,079.84	2,712.84	2,825.84
d. Other non-current liabilities	24	1,685.32	1,686.99	1,664.90
<b>Total non-current liabilities</b>		<b>6,068.46</b>	<b>6,250.70</b>	<b>7,287.35</b>
<b>Current liabilities</b>				
a. Financial liabilities				
i. Borrowings	25	843.68	742.24	2,990.40
ii. Trade payables	26	9,836.61	7,775.28	7,925.78
iii. Other financial liabilities	27	1,630.35	1,597.58	1,475.28
b. Provisions	28	201.99	171.50	153.31
c. Income tax liabilities (net)	11	3,480.29	1,290.61	356.44
d. Other current liabilities	29	5,148.18	16,392.52	4,832.01
<b>Total current liabilities</b>		<b>21,141.10</b>	<b>27,969.73</b>	<b>17,733.22</b>
<b>Total liabilities</b>		<b>27,209.56</b>	<b>34,220.43</b>	<b>25,020.57</b>
<b>Total equity and liabilities</b>		<b>1,25,557.79</b>	<b>1,17,738.36</b>	<b>98,062.53</b>

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2

Firm Registration No. 012754N/N500016

T. M. M. Nambiar  
S. S. Lalbhai  
P. N. Kapadia  
S. M. Kulkarni

R. V. Haribhakti  
A. K. Srivastava  
S. G. Mankad  
H. H. Engineer

## Directors

## Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>INCOME</b>			
Revenue from operations	30	92534.34	78322.19
Other Income	31	9251.24	5583.54
<b>Total Income</b>		<b>101,785.58</b>	<b>83,905.73</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	38,370.74	34,691.00
Purchases of stock-in-trade		1,750.26	1,160.71
Changes in Inventories of finished goods, work in progress and stock-in-trade	33	112.15	(3,133.29)
Excise duty		1,265.13	4,171.75
Employee benefits expense	34	11,053.32	9,180.65
Finance costs	35	119.31	269.74
Depreciation and amortisation expense	36	3,978.10	2,992.47
Other Expenses	37	18,487.32	16,371.49
<b>Total Expenses</b>		<b>75,136.33</b>	<b>65,704.52</b>
<b>Profit before tax</b>		<b>26,649.25</b>	<b>18,201.21</b>
<b>Tax expenses</b>			
(1) Current tax	38	8,049.03	4,618.33
(2) Deferred tax [including Minimum Alternate Tax (credit) / utilised]	38	354.43	(113.00)
<b>Total Tax expenses</b>		<b>8,403.46</b>	<b>4,505.33</b>
<b>Profit for the year</b>		<b>18,245.79</b>	<b>13,695.88</b>
Share of losses from joint ventures and associate (net)		(267.99)	(35.52)
<b>Total profit for the year</b>		<b>17,977.80</b>	<b>13,660.36</b>
<b>Other comprehensive income / (loss)</b>			
(A) Items that will not be reclassified to profit and loss			
(i) Remeasurement loss of the defined benefit obligations		(105.26)	(110.76)
(ii) Current tax relating to the above		36.78	38.33
<b>Total (A)</b>		<b>(68.48)</b>	<b>(72.43)</b>
(B) Items that may be reclassified to profit and loss			
(i) Exchange differences on translation of foreign operations		101.98	30.17
<b>Total (B)</b>		<b>101.98</b>	<b>30.17</b>
<b>Total other comprehensive income / (loss) (A+B)</b>		<b>33.50</b>	<b>(42.26)</b>
<b>Total comprehensive income for the year</b>		<b>18,011.30</b>	<b>13,618.10</b>
<b>Profit is attributable to:</b>			
Owners of the Company		17,977.80	13,660.36
<b>Other Comprehensive Income/(Losses) attributable to:</b>			
Owners of the Company		33.50	(42.26)
<b>Total Comprehensive Income attributable to:</b>			
Owners of the Company		18,011.30	13,618.10
Earnings per equity share (of face value of ₹ 2 each)	40		
(1) Basic (in ₹)		36.50	27.91
(2) Diluted (in ₹)		36.41	27.67
Significant Accounting Policies	2		

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

Jeetendra Mirchandani

Partner

Membership No. 48125

Mumbai, May 9, 2018

V. P. Mafatlal

Chairman

N. B. Mankad

Company Secretary

S. S. Khanolkar

*Managing Director*

Sitendu Nagchaudhuri

Chief Financial Officer

T. M. M. Nambiar

S. S. Lalbhai

P. N. Kapadia

S. M. Kulkarni

R. V. Haribhakti

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S. G. Mankad

H. H. Engineer

## Directors

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>26,649.25</b>	<b>18,201.21</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	3,978.10	2,992.50
Loss on sale / write off of property, plant and equipment (Net)	553.45	57.38
Profit on sale of undertaking	(53.94)	-
Gain on sale of investments (Net)	(2,528.60)	(852.23)
Changes in fair value of financial assets at fair value through profit or loss	(3,342.94)	(2,319.25)
Employee Share-based payment expense	64.02	104.71
Unwinding of Rent	10.27	11.10
Finance Costs	119.31	269.74
Interest income	(422.24)	(368.03)
Lease rental income on investment properties	(1,479.23)	(1,661.50)
Net (gain)/loss on foreign currency translations	(52.33)	116.22
Dividend Income	(77.54)	(173.65)
Excess provision of earlier years written back	(2.89)	(30.38)
Provision for doubtful debts / advances	64.07	(13.17)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>23,478.76</b>	<b>16,334.65</b>
<b>Adjustments for:</b>		
(Increase)/decrease in trade receivables	(1,809.73)	1,498.76
Increase in inventories	(1,220.62)	(3,722.04)
Increase in other assets	(2,701.84)	(328.38)
Increase/ (Decrease) in trade and other payables	4,165.47	(1,312.07)
<b>Cash generated from operations</b>	<b>21,912.04</b>	<b>12,470.92</b>
Income taxes paid (net of refunds)	(4,974.99)	(3,231.52)
<b>Net cash generated from operating activities</b>	<b>16,937.05</b>	<b>9,239.40</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(4,873.59)	(17,642.12)
Increase in deposits with banks	(150.22)	(329.27)
Payments for purchase of investments	(52,920.76)	(31,897.93)
Proceeds from sale of property, plant and equipment	37.92	27.90
Proceeds from sale of investments	39,582.04	33,377.46
Advance received/Proceeds from Sale of undertaking	2,729.48	12,720.50
Lease rental income on investment properties	1,479.23	1,661.50
Dividend received	77.54	173.65
Interest received	410.75	351.91
<b>Net cash used in investing activities</b>	<b>(13,627.61)</b>	<b>(1,556.40)</b>

## Consolidated Statement of Cash Flow for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Calls in arrears received(including securities premium)	0.34	0.07
Proceeds from allotment of Employee Stock Option Plan (ESOP)	311.37	16.30
Repayments of long term borrowings	(687.68)	(1,072.65)
Proceed/(Repayments) of other borrowings (net)	101.44	(2,250.71)
Compensation received pursuant to Montreal Protocol for phasing out production of Ozone Depleting Substances - Capital reserve no. 2	-	211.99
Dividend paid (including Corporate tax on dividend)	(3,503.37)	(3,430.39)
Interest paid	(119.31)	(183.02)
<b>Net cash used in financing activities</b>	<b>(3,897.21)</b>	<b>(6,708.41)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(587.77)</b>	<b>974.59</b>
Cash and cash equivalents at the beginning of the year	2,426.56	1,449.42
<b>Cash and cash equivalents at the end of the year</b>	<b>1,838.79</b>	<b>2,424.01</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
As per Balance sheet - note 16A	1,838.79	2,426.56
Bank overdraft - note 25	-	(2.55)
As per Cash flow statement	1,838.79	2,424.01

Notes:

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind As 7, "Statement of Cash Flows" as notified under Companies (Accounts) Rules, 2015
- (2) The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note (Refer Note 57).

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

Jeetendra Mirchandani

Partner

Membership No. 48125

Mumbai, May 9, 2018

V. P. Mafatlal

Chairman

N. B. Mankad

Company Secretary

S. S. Khanolkar

*Managing Director*

Sitendu Nagchaudhuri

Chief Financial Officer

T. M. M. Nambiar

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P. N. Kapadia

S. M. Kulkarni

R. V. Haribhakti

A. K. Srivastava

S. G. Mankad

H. H. Engineer

*Directors*

# Consolidated Statement of Changes in Equity for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL		(₹ in lakhs)
Balance as at April 01, 2016		978.58
Shares issued on exercise of employee stock options during the year		0.40
Add: Calls in arrears		0.02
<b>Balance as at March 31, 2017</b>		<b>979.00</b>
Shares issued on exercise of employee stock options during the year		7.89
Less: Calls in arrears		(0.02)
<b>Balance as at March 31, 2018</b>		<b>986.87</b>
B. OTHER EQUITY		(₹ in Lakhs)

Particulars	Reserves & Surplus							Attributable to owners of the parent	Non-Controlling interest	Total
	Capital Reserve 1	Capital Reserve 2	Capital redemption reserve	Securities Premium Reserve	General Reserve	Share Options Outstanding Account	Call in arrears pending for allotment	Retained Earnings	Foreign currency translation reserve	
Balance as at April 1, 2016	8,035.17	6,823.20	33.88	1,148.82	7,333.34	125.98	-	48,562.99	-	72,063.38
Profit for the year	-	-	-	-	-	-	-	13,660.36	-	13,660.36
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(72.43)	30.17	(42.26)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	<b>13,587.93</b>	<b>30.17</b>	<b>13,618.10</b>
Shares issued on exercise of employee stock options during the year	-	-	-	15.90	-	-	-	-	-	15.90
Calls in arrears received during the year	-	-	-	-	-	-	0.07	-	-	0.07
Compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances.	-	211.99	-	-	-	-	-	-	-	211.99
Recognition of share-based payments	-	-	-	-	-	104.71	-	-	-	104.71
Payment of dividends (including tax)	-	-	-	-	-	-	-	(3,475.22)	-	(3,475.22)
<b>Balance as at March 31, 2017</b>	<b>8,035.17</b>	<b>7,035.19</b>	<b>33.88</b>	<b>1,164.72</b>	<b>7,333.34</b>	<b>230.69</b>	<b>0.07</b>	<b>58,675.78</b>	<b>30.17</b>	<b>82,538.93</b>
Profit for the year	-	-	-	-	-	-	-	17,977.80	-	17,977.80
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(68.48)	101.98	33.50
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	<b>17,909.32</b>	<b>101.98</b>	<b>18,011.30</b>
Shares issued on exercise of employee stock options during the year	-	-	-	393.83	-	-	-	-	-	393.83
Recognition of share based payments (net)	-	-	-	-	-	(23.60)	-	-	-	(23.60)
Calls in arrears received during the year	-	-	-	-	-	-	0.34	-	-	0.34
Payment of dividends (including tax)	-	-	-	-	-	-	-	(3,559.44)	-	(3,559.44)
<b>Balance as at March 31, 2018</b>	<b>8,035.17</b>	<b>7,035.19</b>	<b>33.88</b>	<b>1,558.55</b>	<b>7,333.34</b>	<b>207.09</b>	<b>0.41</b>	<b>73,025.58</b>	<b>132.15</b>	<b>97,361.36</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes  
In terms of our report attached

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No. 012754N/N500016

<b>Jeetendra Mirchandani</b> <i>Partner</i>	<b>V. P. Mafatlal</b> <i>Chairman</i>	<b>S. S. Khanolkar</b> <i>Managing Director</i>	<b>T. M. M. Nambiar</b> <b>S. S. Lalbhai</b> <b>P. N. Kapadia</b> <b>S. M. Kulkarni</b>	<b>R. V. Haribhakti</b> <b>A. K. Srivastava</b> <b>S. G. Mankad</b> <b>H. H. Engineer</b>	<b>Sitendu Nagchaudhuri</b> <i>Chief Financial Officer</i>
				<b>N. B. Mankad</b> <i>Company Secretary</i>	

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 1A. CORPORATE INFORMATION

Navin Fluorine International Limited ("the Company") is a public limited company, incorporated under the provisions of the Companies Act, 1956. Its registered office is located at 2nd floor, Sunteck Centre, 37/40, Subhash Road, Ville Parle (East), Mumbai 400057.

The Company and its subsidiary Companies are referred to as the Group here under. The Group primarily focuses on fluorine chemistry - producing refrigeration gases, inorganic fluorides, specialty organofluorines and offers Contract Research and Manufacturing Services.

## 1B. BASIS OF CONSOLIDATION

Name of the Company	Proportion of Ownership			
	Country of Incorporation	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<u>Subsidiaries</u>				
Sulakshana Securites Limited	India	100%	100%	100%
NFIL (UK) Limited	UK	100%	100%	100%
Navin Fluorine (Shanghai) Co. Limited	China	100%	100%	100%
Manchester Organics Limited	UK	100%	100%	100%
<u>Step-down Subsidiary</u>				
NFIL USA, Inc.	USA	100%	-	-
<u>Associate and Joint Ventures (JV)</u>				
Urvija Associates (Associate)	India	80%	80%	80%
Convergence Chemcials Private Limited (JV)	India	49%	49%	49%
Swarnim Gujarat Fluorspar Private Limited (JV)	India	49.43%	49.43%	49.43%

## 2. SIGNIFICANT ACCOUNTING POLICIES

This note provide a list of the significant accounting policies adopted by the Group in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Consolidated Financial Statements are for the group consisting of the Company and its subsidiary companies.

a) **Basis of Preparation:**

(i) **Compliance with Indian Accounting Standards (Ind AS)**

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The Consolidated financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards as per Companies (Accounting Standards) Rules, 2006 (as amended)(Previous GAAP or IGAAP) and other relevant provisions of the Act.

These Consolidated Financial Statements are the first Consolidated Financial Statements of the Group prepared in accordance with Ind AS. Refer note 52 for an explanation of how the transition from previously applicable Indian GAAP (hereinafter referred to as 'IGAAP') to Ind AS has affected the Group's financial position, financial performance and cash flows.

(ii) **Historical Cost Convention**

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments, financial assets and liabilities and defined benefit plans and share based payments which are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Division II of Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(i) **Subsidiary companies**

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is obtained by the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the Consolidated Financial Statements of the parent and its subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiary companies are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Consolidated Balance Sheet respectively.

Associate companies are all entities over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associate companies are accounted using the equity method of accounting [see (iv) below], after initially being recognised at cost.

Under Ind AS 111 Joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interest only in Joint Ventures.

Interest in Joint Venture Company are accounted for using the equity method of accounting [see (iv) below], after initially being recognised at cost in the Consolidated Financial Statements.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise share of the Group in post-acquisition profit and loss of the investee in profit and loss, and share of the Group in Other Comprehensive Income of the investee in Other Comprehensive Income. Dividends received or receivable from associate and joint venture Company are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate company and joint venture Company are eliminated to the extent of the Group interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting Policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in (I) below.

### (v) Change in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary companies. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the Consolidated Statement of Profit and Loss. This fair value becomes the initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Consolidated Statement of Profit and Loss.

If the ownership interest in a joint venture Company or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to the Consolidated Statement of Profit and Loss where appropriate.

### c) Revenue recognition

#### (i) Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

Revenue is recognised when significant risk and rewards of ownership are transferred to customer, the amount of revenue can be reliably measured and it is probable that future economic benefits associated with the transactions will flow to the Group.

#### (ii) Sale of Services

Revenue is recognized from rendering of services when services are rendered as per contractual obligations, when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

#### (iii) Export Incentives

Export incentives are recognised for based on the eligibility and when there is no uncertainty in receiving the same.

### d) Government Grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the Consolidated Statement of Profit and Loss in a systematic basis over the expected life of the related assets and presented within other income.

Government grants relating to income are deferred and recognised in the Consolidated Statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

### e) Leases

#### (i) As a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### (ii) As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

### f) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

#### (ii) Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements at the balance sheet date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as deferred tax in the Consolidated Statement of Profit and Loss. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent it is probable that future taxable profit will be available against which these tax credit can be utilised. Such an asset is reviewed at each Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax liabilities are not recognised for temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

### g) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities in the balance sheet.

## (ii) Other long-term employee benefit obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plan such as gratuity and provident fund for certain employees.
- (b) defined contribution plans such as family pension fund, superannuation fund and provident fund for certain employees.

(a) Defined benefit plan

## Gratuity Obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the Statement of Changes in Equity in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.

## Provident fund liability

Provident Fund for certain employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognized by the Income Tax authorities where other entities are also the participant. Periodic contributions to the Fund are charged to the Consolidate Statement of Profit and Loss and when services are rendered by the employees. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government.

(b) Defined contribution plans

The Group contributes towards family pension fund, superannuation fund and provident fund for certain employees which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Eligible employees of the Group receive remuneration in the form of share based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to eligible employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Consolidated Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Consolidated Statement of Profit and Loss.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment which are not ready for the intended use on the date of the Balance Sheet are disclosed as “Capital work-in-progress”.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. However, for below assets, the useful lives are higher or lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets.

Assets	Useful life
Plant and Machinery	
Laboratory Equipments	4 and 10 years
Computers	3 and 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period.

(j) Goodwill

Goodwill on acquisitions of subsidiary companies is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Computer Software are stated at cost, less accumulated amortization and impairments, if any. Computer Software which are capitalised are amortised over a period of 3 years on straight-line basis.

The estimated amortisation method, useful life and residual value are reviewed at the end of each reporting period, with effect of any changes in the estimate being accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the intangible assets.

k) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its acquisition cost, including related transaction costs and where applicable, borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using straight line method over their useful lives specified in Schedule II to the Companies Act, 2013.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2016 measured as per the IGAAP and use that carrying value as the deemed cost of the investment properties.

l) Impairment of assets

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal/external factors. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset/ cash generating unit exceeds its recoverable amount. The recoverable amount of the assets/ cash generating unit is fair value less costs of disposal or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

m) Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost for raw materials, traded goods and stores and spares is determined on weighted average basis. Cost includes all charges in bringing the goods to their present location and condition. The cost of process stock and finished goods comprises of materials, direct labour, other direct costs and related production overheads and taxes as applicable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

n) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each entities of the Group are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupees ('₹'), which is the functional and presentation currency of the Company.

## (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Consolidated Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within other gains | (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### (iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that Balance Sheet.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction)
- all resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated exchange differences are reclassified to the Consolidated Statement of Profit and Loss, as part of the gains / (loss) on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### o) Cash and Cash equivalents

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

### p) Trade receivables

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Profit and Loss as other income/expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### r) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### s) Earnings per share

#### i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) Research and development expenses

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Property, plant & equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant & equipment.

u) Provisions and contingencies

Provisions are recognised when there is a present obligation (legal and constructive) as a result of a past event, it is probable that cash outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate can be made of the amount of the obligation. When a provision is measured using cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the ability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. A Contingent asset is disclosed, where an inflow of economic benefits is probable.

v) Investment in associate and joint ventures

Investments in associate and joint venture companies are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associate and joint venture companies, the difference between net disposal proceeds and the carrying amounts are recognised in the Consolidated Statement of Profit and Loss.

w) Financial Instruments

## Initial recognition

Financial assets and financial liabilities are recognised when Group becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Consolidated Statement of Profit and Loss.

a. Investment and other financial assets

## Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Consolidated Statement of Profit and Loss), and
- those measured at amortised cost

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Consolidated Statement of Profit and Loss or other comprehensive income.

### Subsequent measurement

#### Debt Instruments

Subsequent measurement of debt instruments depends on the Group business model for managing the assets and cash flows characteristic. There are three measurement categories into which the group classifies its debt instruments.

- i. **Amortised Cost:** Assets that are held for the collection of contractual cash flow where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- ii. **Fair value through other comprehensive Income (FVOCI):** Assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Changes in fair value of instrument is taken to other comprehensive income which are reclassified to the Consolidated Statement of Profit and Loss.
- iii. **Fair Value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured as fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the Consolidated Statement of Profit and Loss. Interest income from these financial assets is included in other income.

#### Equity instruments

All investment in equity instruments other than subsidiary companies, associate and joint venture companies are measured at fair value, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Consolidated Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Consolidated Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Consolidated Statement of Profit and Loss.

#### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of such receivables.

#### De-recognition of financial assets

A financial assets is de-recognised only when

- The Group has transferred the right to receive cash flows from the financial assets.
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay cash flows to one or more recipients.

When the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such case, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### Income recognition

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends are recognised in the Consolidated Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

### b. Financial liabilities

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

#### Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and Loss.

#### De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires. An instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### (x) Rounding of amounts

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## 3. CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

- (a) Useful lives of property, plant and equipment
- (b) Defined benefits plan
- (c) Impairment loss on investments carried at cost
- (d) Estimated goodwill impairment
- (e) Estimation of provisions and contingent liabilities

a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

b) Ind AS 115- Revenue from Contract with Customers:

The standard permits two possible methods of transition:

- The Company will adopt the standard on April 1, 2018.



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 5A. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	Freehold land	Buildings	Office Equipment	Vehicles	Plant and machinery	Leasehold improvements	Furniture and Fixture	Total
<b>I. Gross Block</b>								
Deemed cost as at April 1, 2016	10.56	4,565.38	708.75	64.58	19,189.39	2,489.50	211.11	27,239.27
Additions	-	944.88	297.76	111.74	15,764.25	-	119.23	17,237.86
Disposals/Adjustments	-	-	(120.93)	(18.43)	120.92	-	(40.98)	(59.42)
Effect of Foreign currency exchange difference	-	-	(2.11)	-	(78.84)	-	(0.47)	(81.42)
<b>Balance as at March 31, 2017</b>	<b>10.56</b>	<b>5,510.26</b>	<b>883.47</b>	<b>157.89</b>	<b>34,995.72</b>	<b>2,489.50</b>	<b>288.89</b>	<b>44,336.29</b>
<b>II. Accumulated depreciation</b>								
Balance as at April 1, 2016	-	-	-	-	-	-	-	-
Depreciation expense for the year	-	238.63	141.81	21.33	2,380.33	26.21	49.84	2,858.15
Disposals/Adjustments	-	-	(0.81)	(5.49)	1.00	-	(3.34)	(8.64)
Effect of Foreign currency exchange difference	-	-	(0.64)	-	(9.93)	-	(0.08)	(10.65)
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>238.63</b>	<b>140.36</b>	<b>15.84</b>	<b>2371.40</b>	<b>26.21</b>	<b>46.42</b>	<b>2838.86</b>
<b>Net block (I-II)</b>	<b>10.56</b>	<b>5,271.63</b>	<b>743.11</b>	<b>142.05</b>	<b>32624.32</b>	<b>2,463.29</b>	<b>242.47</b>	<b>41497.43</b>
<b>I. Gross Block</b>								
Balance as at April 1, 2017	10.56	5,510.26	883.47	157.89	34,995.72	2,489.50	288.89	44,336.29
Additions	-	964.13	66.01	80.98	2,600.84	-	484.72	4,196.68
Disposals/Adjustments (refer note 2 below)	-	(897.45)	(40.86)	(12.90)	(14,357.56)	-	(94.71)	(15,403.48)
Effect of Foreign currency exchange difference	-	-	7.77	-	71.13	-	0.37	79.27
<b>Balance as at March 31, 2018</b>	<b>10.56</b>	<b>5,576.94</b>	<b>916.39</b>	<b>225.97</b>	<b>23,310.13</b>	<b>2,489.50</b>	<b>679.27</b>	<b>33,208.76</b>
<b>II. Accumulated depreciation</b>								
Balance as at April 1, 2017	-	238.63	140.36	15.84	2,371.40	26.21	46.42	2,838.86
Depreciation expense for the year	-	272.76	126.00	29.91	3,307.39	26.21	79.41	3,841.68
Disposals/Adjustments (refer note 2 below)	-	(65.31)	(21.87)	(6.94)	(1,568.69)	-	(17.88)	(1,680.69)
Effect of Foreign currency exchange difference	-	-	1.87	-	23.33	-	0.17	25.37
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>446.08</b>	<b>246.36</b>	<b>38.81</b>	<b>4,133.43</b>	<b>52.42</b>	<b>108.12</b>	<b>5,025.22</b>
<b>Net block (I-II)</b>	<b>10.56</b>	<b>5,130.86</b>	<b>670.03</b>	<b>187.16</b>	<b>19,176.70</b>	<b>2,437.08</b>	<b>571.15</b>	<b>28,183.54</b>

#### Notes:

- Standby Letter of Credit facility availed from HDFC Bank for loan taken by Subsidiary is being secured by Second charge on the property, plant and equipment of the Holding Company.
- Assets lying at Dahej unit sold on slump sale basis (refer note 50).
- For details of Capital commitment relating to Property, Plant and Equipment (refer note 46).

### 5B. CAPITAL WORK-IN PROGRESS

Capital work-in progress as at March 31, 2018 is ₹ 2,008.59 lakhs (March 31, 2017: ₹ 1,683.12 lakhs; April 1, 2016: ₹ 1,394.56 lakhs). It is mainly comprises of expansion projects in progress.

## (₹ in Lakhs)

(i) Amount recognised in the Consolidated Statement of Profit and Loss for investment properties:

(ii) The Group has given office premises under lease rental agreement. Details of minimum lease payments for non-cancellable leases are as under:

(iii) Fair Value

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## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 7. OTHER INTANGIBLE ASSETS AND GOODWILL

(₹ in Lakhs)

Particulars	Other intangible assets - Software	Goodwill
<b>Gross carrying amount</b>		
<b>Deemed cost as at April 1, 2016</b>	<b>68.50</b>	<b>8,776.41</b>
Additions	16.26	-
Deduction/Adjustment	-	-
<b>Balance at March 31, 2017</b>	<b>84.76</b>	<b>8,776.41</b>
<b>Accumulated amortisation</b>		
Balance at April 1, 2016	-	-
Amortisation expense	20.89	-
Deduction/Adjustment	34.46	-
<b>Balance at March 31, 2017</b>	<b>55.35</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>29.41</b>	<b>8,776.41</b>
<b>Balance at April 1, 2017</b>	<b>84.76</b>	<b>8,776.41</b>
Additions	67.82	-
Deduction/Adjustment	-	-
<b>Balance at March 31, 2018</b>	<b>152.58</b>	<b>8,776.41</b>
<b>Accumulated amortisation</b>		
Balance at April 1, 2017	55.35	-
Amortisation expense	22.95	-
Deduction/Adjustment	-	-
<b>Balance at March 31, 2018</b>	<b>78.30</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>74.28</b>	<b>8,776.41</b>

Significant estimate - impairment of Goodwill

For the purpose of impairment testing, Goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which Goodwill is monitored for internal Management purposes and which is not higher than the operating segment of the Group. The Goodwill of ₹ 1,490.99 lakhs pertains to the acquisition of Sulakshana Securities Limited and recoverable amount has been determined using fair value less cost of disposal. Goodwill of ₹ 7,285.42 lakhs pertains to the acquisition of Manchester Organics Limited and recoverable amount has been determined based on its value in use.

Under value in use calculation, management uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 14.75% per annum respectively. The cash flows beyond that five-year period have been extrapolated using a terminal growth rate of 2% per annum. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Accordingly, there was no impairment recorded for the period March 31, 2018.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 8. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(a) Investments in Equity Instruments</b>						
<b>In joint ventures (Unquoted, fully paid up) - (using equity method)</b>						
- Equity shares of Swarnim Gujarat Fluorspar Private Limited of ₹ 10 each	10,82,500	108.25	10,82,500	108.25	10,82,500	108.25
Add: Share of profit/(loss) (net)		(35.05)		(29.79)		(25.13)
		73.20		78.46		83.12
- Equity shares of Convergence Chemicals Private Limited of ₹ 10 each	3,43,04,900	3,430.49	3,43,04,900	3,430.49	3,43,04,900	3,430.49
Add: Share of profit/(loss) (net)		(355.37)		(92.64)		(61.90)
		3,075.12		3,337.85		3,368.59
<b>(b) Investments in Partnership firm - (using equity method)</b>						
Capital contribution in Urvija Associates	-	0.80	-	0.80	-	0.80
Add: Share of profit/(loss) (net)		1.07		1.07		1.19
		1.87		1.87		1.99
<b>Total</b>		<b>3,150.19</b>		<b>3,418.18</b>		<b>3,453.70</b>

#### Details of investment in partnership firm - Urvija Associates

Name of the partner	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Total capital	Share of profits	Total capital	Share of profits	Total capital	Share of profits
Navin Fluorine International Limited	0.80	80%	0.80	80%	0.80	80%
Avanija Commercials Private Ltd. (formerly known as Mayflower Textiles Private Limited)	0.10	10%	0.10	10%	0.10	10%
Aditri Commercials Private Ltd. (formerly known as Myrtle Textiles Private Limited)	0.10	10%	0.10	10%	0.10	10%

### 9. INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(a) Investments in Equity Instruments</b>						
<b>Quoted, fully paid up - (at fair value through profit or loss)</b>						
- Equity shares of NOCIL Limited of ₹ 10 each	-	-	-	-	68,50,000	3,164.76
- Equity shares of Mafatlal Industries Limited of ₹ 10 each	-	-	-	-	17,74,707	4,797.07
<b>Unquoted, fully paid up - (at fair value through profit or loss)</b>						
- Equity shares of Cebon Apparel Private Limited of ₹10 each	4,81,600	154.59	4,81,600	154.59	4,81,600	154.59
- Equity shares of Mafatlal Services Limited of ₹100 each	9,300	-	9,300	-	9,300	-

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 9. INVESTMENTS (contd...)

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>(b) Investments in Bonds/debentures (Unquoted, fully paid up) - (at amortised cost)</b>						
- 11% Corporate bonds - series IV of Housing Development Finance Corporation Limited of ₹ 1,000/- each, fully paid-up (net of impairment of ₹ 1.50 lakhs;(March 31, 2017: ₹ 1.50 lakhs; April 1, 2016: ₹ 1.50 lakhs)#	150	-	150	-	150	-
- Non-convertible debentures of Wondrous Buildmart Private Limited.	290	296.29	-	-	-	-
<b>(c) Investments in Non-Convertible Market Linked debentures - (Unquoted, fully paid up) (at fair value through profit or loss)</b>						
- ECAP Equities Limited - Enhanced FMP XVII-F9F709B	1,000	1,054.30	-	-	-	-
- ECAP Equities Limited - Enhanced FMP XVII-F9F709E	500	527.15	-	-	-	-
- JM Financial Asset Reconstruction Co. Ltd- Enhanced FMP XVIII-JM8A	100	1,064.33	-	-	-	-
- JM Financial Asset Reconstruction Co. Ltd- Enhanced FMP XVIII-JM8B	50	532.17	-	-	-	-
<b>(d) Investments in mutual funds - (Unquoted, fully paid up) (at fair value through profit or loss)</b>						
- ICICI Prudential FMP - Series 78 1127 days Plan R Cumulative	42,50,000	508.56	42,50,000	470.11	42,50,000	427.09
- HDFC FMP 1120D March 2016 (1) - Regular- Growth - Series - 36	42,50,000	495.59	42,50,000	463.58	42,50,000	427.44
- Kotak FMP Series 191 - Growth	42,50,000	497.08	42,50,000	465.15	42,50,000	426.63
- UTI Fixed Term Income Fund Series XXVI-V(1160 days)- Growth Plan	1,00,00,000	1,074.10	1,00,00,000	1,003.14	-	-
- DHFL Pramerica Fixed Duration Fund-Series AE-Regular Plan Growth	30,000	322.07	30,000	301.66	-	-
- Deutsche Asset Management Company -DWS FMP SERIES 62	-	-	-	-	2,00,49,046	2,375.05
- HDFC FMP 366 days March 2014-(2) Series 31 Regular Growth	-	-	-	-	1,10,00,000	1,303.64
- UTI Fixed Term Income Fund XXVI - VII (1140) days (Growth Plan)	1,70,00,000	1,814.07	1,70,00,000	1,701.82	-	-
- Aditya Birla Sun Life Fixed Term Plan-Series OJ(1136 days) Growth Regular	1,50,00,000	1,603.04	1,50,00,000	1,501.23	-	-
- DHFL Pramerica Fixed Duration Fund-Series AF-Regular Plan Growth	50,000	539.95	50,000	500.61	-	-
- UTI Fixed Term Income Fund -Series XXVIII - II (1210 Days) - Growth Plan	1,00,00,000	1,018.02	-	-	-	-
- Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days),Regular Growth	62,50,000	634.08	-	-	-	-

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 9. INVESTMENTS (contd...)

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
(d) Investments in mutual funds - (at fair value through profit and loss) (contd...)						
- Sundaram Fixed Term Plan - IE - Regular Growth	1,00,00,000	1,013.45	-	-	-	-
- UTI FIXED Term Income Fund XXVIII – X- 1153 Days - Growth Plan	1,50,00,000	1,512.33	-	-	-	-
- DHFL Pramerica Fixed Duration Fund Series AR-Regular Plan Growth	50,000	502.24	-	-	-	-
- HDFC FMP 1208D March 2018 (1) - Regular - Growth - Series - 39	1,00,00,000	1,005.11	-	-	-	-
- Kotak FMP Series 220 - Growth (Regular Plan)	1,00,00,000	1,000.00	-	-	-	-
- HDFC Equity Savings Fund - Regular Plan -Growth	14,49,190	500.72	-	-	-	-
- Kotak Equity Savings Fund - Growth (Regular Plan)	38,08,598	502.65	-	-	-	-
- ICICI Prudential Equity Income Fund - Cumulative	39,00,156	499.61	-	-	-	-
- Kotak Corporate Bond Fund - Growth	2,263	51.65	-	-	-	-
(e) Investments in Alternate investment fund - (at fair value through profit or loss)						
- ASK Real Estate Special Situation Fund - I -RESSF-4071	200	200.00	50	50.00	-	-
<b>Total</b>		<b>18,923.15</b>		<b>6,611.89</b>		<b>13,076.27</b>
Of the above:						
Aggregate amount and market value of quoted investments		-		-		7,961.83
Aggregate amount of unquoted investments		18,923.15		6,611.89		5,114.44
Aggregate amount of impairment in value of investments		1.50		1.50		1.50

# pending transfer in the Company's name and not available for physical verification.

### 10. LOANS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
- Security deposits	732.93	674.51	665.00
- Loans to related parties (refer note 45.1)	1.55	1.51	39.37
- Loans to employees	-	-	0.93
<b>Total</b>	<b>734.48</b>	<b>676.02</b>	<b>705.30</b>

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 11. NON-CURRENT INCOME TAX ASSETS/ CURRENT INCOME TAX LIABILITIES (NET) (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current Income Tax Assets [net of provision ₹ 19,145.48 lakhs (March 31, 2017: ₹ 21,785.16 lakhs; April 1, 2016: ₹ 21,391.30 lakhs)]	1,033.53	1,881.13	1,629.25
Current Income Tax Liability [net of Advance tax ₹17,819.68 lakhs (March 31, 2017: ₹ 9,510.02 lakhs; April 1, 2016: ₹ 6,722.39 lakhs)]	3,480.29	1,290.61	356.44

## 12. OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	31.71	181.00	81.56
Prepaid expenses (including deferred lease)	6.64	5.31	12.81
Advance Fringe benefit tax (net of provision of March 31, 2017: ₹ 89 lakhs; March 31, 2017: ₹ 89 lakhs; March 31, 2016: ₹ 89 lakhs)	12.08	12.08	12.08
Balances with bank held as margin money*	20.32	20.32	19.01
Others			
- Advances towards a Project (refer note 49)	162.70	162.70	162.70
- Other Advances	205.64	205.64	205.64
<b>Total</b>	<b>439.09</b>	<b>587.05</b>	<b>493.80</b>

\* The above bank deposit is marked as lien against bank guarantee issued to Custom authorities.

## 13. INVENTORIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	4,237.94	3,445.14	2,746.97
Work-in-progress	2,049.43	2,005.07	1,138.34
Finished goods	2,132.29	3,298.94	1,379.54
Stock-in-trade	2,264.35	1,474.72	1,349.80
Stores and Spares	699.15	1,050.74	937.92
<b>Total</b>	<b>11,383.16</b>	<b>11,274.61</b>	<b>7,552.57</b>

Write-downs of inventories to net realisable value amounted to ₹33.93 lakhs (March 31, 2017 – ₹154.38 lakhs, April 1, 2016 – ₹97.72 lakhs). These were recognised as an expense during the year and included in 'Changes in Inventories of finished goods, work-in-progress and stock-in-trade' in the Consolidated Statement of Profit and Loss.

## (₹ in Lakhs)

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## 15. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables from other parties	15,466.59	13,746.63	15,177.32
Trade receivables from related parties (refer note 45.1)	93.34	12.10	10.21
	<b>15,559.93</b>	<b>13,758.73</b>	<b>15,187.53</b>
Break-up for security details			
Secured, considered good	135.15	122.43	112.39
Unsecured, considered good	15,424.78	13,636.30	15,075.14
Doubtful	142.83	77.31	90.49
	15,702.76	13,836.04	15,278.02
Less:- Allowance for doubtful debts (expected credit loss allowances) (refer note 43.7)	(142.83)	(77.31)	(90.49)
<b>Total</b>	<b>15,559.93</b>	<b>13,758.73</b>	<b>15,187.53</b>

## 16A. CASH AND CASH EQUIVALENTS

	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Cash on hand	8.39	9.12	7.56
Balances with banks in current account *	1,830.40	2,417.44	1,441.86
<b>Total</b>	<b>1,838.79</b>	<b>2,426.56</b>	<b>1,449.42</b>

\*One current account with bank, which has not been transferred from Mafatlal Industries Limited pursuant to its scheme of demerger, is in the process of being transferred in the Company's name.

## 16B. OTHER BANK BALANCES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unpaid dividend	324.16	268.09	223.45
Buyback account	1.09	1.09	1.09
Deposits with original maturity of more than 3 month and less than 12 months	673.27	632.83	404.17
Deposits received under protest (refer note 50)	872.00	819.17	762.42
Balances in earmarked accounts (Unpaid matured debentures)	34.92	34.92	35.70
<b>Total</b>	<b>1,905.44</b>	<b>1,756.10</b>	<b>1,426.83</b>

## 17. LOANS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
- Security deposits	67.60	49.47	54.69
- Loans to related parties (refer note 45.1)	1,108.52	179.69	275.34
- Loans to employees	0.75	1.23	2.22
<b>Total</b>	<b>1,176.87</b>	<b>230.39</b>	<b>332.25</b>

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 18. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rent Receivable	328.34	303.59	370.53
Derivative assets - Foreign exchange contracts	17.97	64.65	41.14
<b>Total</b>	<b>346.31</b>	<b>368.24</b>	<b>411.67</b>

### 19. OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances to suppliers	179.64	296.41	451.03
Prepaid expenses	202.55	172.41	186.36
Balances with government authorities	2,885.10	2,371.72	2,291.22
Other deposits	52.61	31.95	38.21
Others advances			
- Unsecured, considered good	214.68	186.18	236.13
- Unsecured, considered doubtful	1.85	2.43	2.43
	216.53	188.61	238.56
Less: provision for doubtful assets	(1.85)	(2.43)	(2.43)
	214.68	186.18	236.13
<b>Total</b>	<b>3,534.58</b>	<b>3,058.67</b>	<b>3,202.95</b>

### 20. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Authorised Shares</b>			
17,50,00,000 equity shares of ₹ 2 each	3,500.00	3,500.00	3,500.00
<b>Issued, subscribed and fully Paid shares</b>			
4,93,50,810 (as at 31st March 2017 - 4,89,56,485, as at 1st April 2016 - 4,89,36,485)	987.02	979.13	978.73
equity shares of ₹ 2 each			
Less: Calls in arrears [refer note 20 (e)]	0.15	0.13	0.15
<b>Total</b>	<b>986.87</b>	<b>979.00</b>	<b>978.58</b>

#### (a) Reconciliation of the number of shares and amount outstanding:

Particulars	Number of shares	Amount
Balance as at April 1, 2016	4,89,36,485	978.73
Add: Shares issued on exercise of employee stock options during the year	20,000	0.40
<b>Balance as at March 31, 2017</b>	<b>4,89,56,485</b>	<b>979.13</b>
Add: Shares issued on exercise of employee stock options during the year	3,94,325	7.89
<b>Balance as at March 31, 2018</b>	<b>4,93,50,810</b>	<b>987.02</b>

#### (b) Terms / rights attached to equity shares:

The Group has only one class of equity shares having a par value of ₹ 2.00 per share (refer note 40.1). Each equity shareholder is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the group in proportion to the number of and amounts paid on the shares held.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

**20. EQUITY SHARE CAPITAL (contd...)**

- (c) Information relating to Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 44.

- (d) Details of shareholders holding more than 5% shares:

Particulars	No. of fully paid shares	% of Holding
<b>As at March 31, 2017</b>		
Mafatlal Impex Private Limited	1,16,56,420	23.62%
Smallcap World Fund, Inc	32,02,000	6.49%
<b>As at March 31, 2017</b>		
Mafatlal Impex Private Limited	1,16,56,420	23.81%
<b>As at April 1, 2016</b>		
Mafatlal Impex Private Limited	54,77,240	11.19%
Suremi Trading Private Limited	49,19,800	10.05%
NOCIL Limited	28,31,700	5.79%

- (e) Calls unpaid (by other than officers and directors)

Calls unpaid (by other than officers and directors)		(₹ in Lakhs)
Particulars	No. of shares	Amount
<b>as at March 31, 2018</b>		
Equity shares of ₹ 2 each, ₹ 1 called up but unpaid	14,555	0.15
<b>As at March 31, 2017</b>		
Equity shares of ₹ 2 each, ₹ 1 called up but unpaid	13,225	0.13
<b>As at April 1, 2016</b>		
Equity shares of ₹ 2 each, ₹ 1 called up but unpaid	14,555	0.15

- (f) Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

## 21. OTHER EQUITY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Reserve no.1	8,035.17	8,035.17	8,035.17
Capital Reserve no.2	7,035.19	7,035.19	6,823.20
Capital redemption reserve	33.88	33.88	33.88
Securities Premium Reserve	1,558.55	1,164.72	1,148.82
General Reserve	7,333.34	7,333.34	7,333.34
Share Options Outstanding Account	207.09	230.69	125.98
Call in arrears pending for allotment	0.41	0.07	-
Foreign currency translation reserve	132.15	30.17	-
Retained Earnings	73,025.58	58,675.70	48,562.99
<b>Total</b>	<b>97,361.36</b>	<b>82,538.93</b>	<b>72,063.38</b>

- (i) Capital Reserve No.1:

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Balance	8,035.17	8,035.17
<b>Closing Balance</b>	<b>8,035.17</b>	<b>8,035.17</b>

(ii) Capital Reserve no.2

(₹ in Lakhs)

(iii) Capital redemption reserve

(iv) Securities Premium Reserve

(v) General Reserve

(vi) Share Options Outstanding Account

(vii) Call in arrears pending for allotment

(viii) Foreign currency translation reserve

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## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 21. OTHER EQUITY (contd...)

(ix) Retained Earnings

Retained Earnings		(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017
Opening Balance	58,675.70	48,562.99
Add: Profit for the year	17,977.80	13,660.36
Less:		
Other comprehensive income for the year, net of income tax	(68.48)	(72.43)
Payment of dividends (including tax)	(3,559.44)	(3,475.22)
<b>Closing Balance</b>	<b>73,025.58</b>	<b>58,675.70</b>

### Description of reserves

**Capital Reserve no. 1** - Capital reserve no. 1 was created for excess of assets over liabilities and reserves taken over pursuant to the scheme of demerger of chemical business of Mafatlal Industries Limited.

**Capital Reserve no. 2** - Capital reserve no. 2 was created for compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances.

**Capital redemption reserve** - Capital redemption reserve was created out of the general reserve during the buy back of equity shares and it is a non-distributable reserves.

**Securities premium reserve** - The Securities Premium was created on issue of shares at a premium. The reserve is utilised in accordance with the provisions of the Act.

**General Reserve** - The general reserve comprises of transfer of profits from retained earnings for appropriation purpose. The reserve can be distributed/utilised by the Company in accordance with the provisions of the Act.

**Share options outstanding account** - The employee stock options outstanding represents reserve in respect of equity settled share options granted to the Group's employees in pursuance of the employee stock option plan.

**Foreign currency translation reserve** - Exchange differences arising on translation of the foreign operations are recognised in Other Comprehensive Income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**Retained earnings** - This represent the amount of accumulated earnings of the Company.

## 22. BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured - at amortised cost			
Term loan from a bank *	421.84	1,109.52	2,182.17
<b>Total</b>	<b>421.84</b>	<b>1,109.52</b>	<b>2,182.17</b>

### Terms of repayment and security

\* Repayable in 7 half-yearly installments from September 2016. Interest is payable at 3 months LIBOR +2.60%. Being secured by second charge on property, plant and equipment of the Holding Company.

## 23. PROVISIONS

23. PROVISIONS			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for compensated absences (refer note 42.3)	881.46	741.35	614.44
<b>Total</b>	<b>881.46</b>	<b>741.35</b>	<b>614.44</b>

## (₹ in Lakhs)

The balance comprises temporary differences attributable to:

The balance comprises temporary differences attributable to:	As at	As at	As at
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Deferred tax liabilities	4,601.33	5,069.15	4,087.09
Less: deferred tax assets	1,521.49	2,356.31	1,261.25
<b>Total</b>	<b>3,079.84</b>	<b>2,712.84</b>	<b>2,825.84</b>

Deferred tax assets/ liabilities in relation to the year ended March 31, 2018

Deferred tax assets/ liabilities in relation to the year ended March 31, 2018		Recognised in the Statement of Profit and Loss	Closing balance
Particulars	Opening Balance		
<b>Deferred tax liabilities in relation to:</b>			
Property, plant and equipment and intangible assets	4,613.17	(694.28)	3,918.89
Financial asset measured at FVTPL	133.51	172.89	306.40
On undistributed profit	247.86	63.23	311.09
Foreign Currency translation reserve	-	-	12.58
Others	74.61	(22.24)	52.37
<b>Total deferred tax liabilities</b>	<b>5,069.15</b>	<b>(480.40)</b>	<b>4,601.33</b>
<b>Deferred tax assets in relation to:</b>			
Indexation benefit on Investment properties	1,241.46	73.55	1,315.01
Provision for Compensated Absences	314.14	(228.88)	85.26
Provision for doubtful debts/ advances	27.60	22.96	50.56
Tax credits (MAT credit entitlement)	666.20	(666.20)	-
Capital losses	98.31	(29.94)	68.37
Others	8.60	(6.32)	2.28
<b>Total deferred tax assets</b>	<b>2,356.31</b>	<b>(834.83)</b>	<b>1,521.49</b>
<b>Total</b>	<b>2,712.84</b>	<b>354.43</b>	<b>3,079.84</b>

Deferred tax assets/ liabilities in relation to the year ended March 31, 2017

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Closing balance
<b>Deferred tax liabilities in relation to:</b>			
Property, plant and equipment and intangible assets	3,698.83	914.34	4,613.17
Financial asset measured at FVTPL	77.17	56.34	133.51
On undistributed profit	271.99	(24.13)	247.86
Others	39.10	35.51	74.61
<b>Total deferred tax liabilities</b>	<b>4,087.09</b>	<b>982.06</b>	<b>5,069.15</b>
<b>Deferred tax assets in relation to:</b>			
Indexation benefit on Investment properties	1,168.48	72.98	1,241.46
Provision for Compensated Absences	10.38	303.76	314.14
Provision for doubtful debts/ advances	32.16	(4.56)	27.60
Tax credits (MAT credit entitlement)	-	666.20	666.20
Capital losses	48.91	49.40	98.31
Others	1.32	7.28	8.60
<b>Total deferred tax assets</b>	<b>1,261.25</b>	<b>1,095.06</b>	<b>2,356.31</b>
<b>Total</b>	<b>2,825.84</b>	<b>(113.00)</b>	<b>2,712.84</b>

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 24. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Liability against project contracts (refer note 49)	1,334.95	1,334.95	1,334.95
Other payables	329.95	329.95	329.95
Deferred Government Grant	20.42	22.09	-
<b>Total</b>	<b>1,685.32</b>	<b>1,686.99</b>	<b>1,664.90</b>

## 25. BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Secured - at amortised cost</b>			
- Term loan from a bank*	843.68	739.69	-
<b>Unsecured - at amortised cost</b>			
- Commercial Papers **	-	-	2,990.40
Bank overdraft	-	2.55	-
<b>Total</b>	<b>843.68</b>	<b>742.24</b>	<b>2,990.40</b>

### Terms of repayment and security

\* Repayable in 7 half-yearly installments from September 2016. Interest is payable at 3 months LIBOR +2.60%. Being secured by second charge on property, plant and equipment of the holding Company.

\*\* The commercial papers carrying interest rate of 8.10% p.a. and is repayable within 3 months from April 1, 2016.

## 26. TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Trade payables</b>			
Trade payables - Micro enterprises and Small enterprises	486.21	651.82	481.37
Trade payables - Others	9,350.40	7,121.97	7,436.82
Trade payables - Related parties	-	1.49	7.59
<b>Total</b>	<b>9,836.61</b>	<b>7,775.28</b>	<b>7,925.78</b>

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	454.81	651.82	481.37
b. Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	31.40	-	-
c. Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1,575.74	-	-
d. Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
e. Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
f. Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-	-
g. Further interest remaining due and payable for earlier years	-	-	-

## (₹ in Lakhs)

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end except in the holding company for an amount of ₹ 9.16 lakhs pertaining to interim dividend for the period 2010-11 which has been transferred subsequent to the balance sheet date to the Investor Education and Protection Fund.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for compensated absences (refer note 42.3)	201.99	171.50	153.31
<b>Total</b>	<b>201.99</b>	<b>171.50</b>	<b>153.31</b>

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances from customers (refer note 50)	1,386.22	1,297.95	1,071.24
Statutory dues	876.69	525.89	464.71
Deferred Government Grant	1.67	1.67	-
Gratuity Payable (refer note 42.2)	78.94	-	54.50
Other Payables			
- to a related party (refer note 45.1)	557.01	12,720.50	-
- Others	2,247.65	1,846.51	3,241.56
<b>Total</b>	<b>5,148.18</b>	<b>16,392.52</b>	<b>4,832.01</b>

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 30. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	For the year ended	For the year ended
Particulars	March 31, 2018	March 31, 2017
Sale of products	89,799.84	77,425.25
Sale of services	2,184.11	703.55
Other operating revenues		
- Scrap Sales	147.14	131.90
- Export Incentives	403.25	61.49
<b>Total</b>	<b>92,534.34</b>	<b>78,322.19</b>

### 31. OTHER INCOME

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Interest Income</b>		
- on banks deposits	43.52	39.52
- on income tax refund	1,062.67	16.00
- on loans and advances	378.51	328.15
- others	0.21	0.36
<b>Dividend income</b>		
- on investments in others	77.54	173.65
Lease rental income on investment properties (refer note 6)	1,479.23	1,661.50
<b>Other gains and losses</b>		
- Net gain arising on financial assets mandatorily measured at FVTPL	3,342.94	2,319.25
- Net gain arising on sale of equity investment	2,036.06	568.12
- Excess provision of earlier years written back (net)	2.89	30.38
- Net gain arising on sale of Mutual Fund	492.54	284.11
- Net gain on foreign currency transactions and translation	57.58	-
- Profit On Sale Of Undertaking (refer note 51)	53.94	-
- Miscellaneous Income	223.61	162.50
<b>Total</b>	<b>9,251.24</b>	<b>5,583.54</b>

### 32. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw material consumed	35,911.60	32,259.25
Packing Material consumed	2,459.14	2,431.75
<b>Total</b>	<b>38,370.74</b>	<b>34,691.00</b>

## (₹ in Lakhs)

### 34. EMPLOYEE BENEFITS EXPENSE

### 35. FINANCE COSTS

### 36. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 5A)	3,841.68	2,858.14
Depreciation of investment property (refer note 6)	113.47	113.44
Amortisation of intangible assets (refer note 7)	22.95	20.89
<b>Total</b>	<b>3,978.10</b>	<b>2,992.47</b>

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 37. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	5,240.33	4,498.05
Rent expense (refer note 41.1)	684.96	601.33
Repairs and Maintenance		
- Plant and Machinery	888.09	806.11
- Buildings	156.78	121.47
Consumption of stores and spares	3,092.96	2,675.07
Excise duty	(231.71)	94.48
Transport and freight charges (net)	1,920.11	1,564.06
Labor contract charges	1,468.72	1,267.72
Property maintenance expenses	11.50	12.36
Legal and Professional Charges (refer note 37.1)	967.36	1,211.31
Rates & Taxes	416.64	486.19
Insurance	162.87	156.70
Directors Sitting Fees	39.02	40.25
Loss on Sale/ retirement of property, plant & equipment	553.45	57.38
Net loss on foreign currency transactions and translation	7.05	22.60
Provision for doubtful debts / advances (net)	64.07	(13.17)
Expenditure on Corporate Social Responsibility (refer note 37.2)	296.52	302.08
Miscellaneous expenses	2,748.60	2,467.50
<b>Total</b>	<b>18,487.32</b>	<b>16,371.49</b>

### 37.1 PAYMENTS TO AUDITORS

	For the year ended	For the year ended
Particulars	March 31, 2018	March 31, 2017
a) For audit	25.50	18.00
b) For other services	25.50	32.06
c) For reimbursement of expenses	0.13	0.38
<b>Total</b>	<b>51.13</b>	<b>50.44</b>

## 37.2 CORPORATE SOCIAL RESPONSIBILITY

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Gross amount required to be spent by the company during the year	223.98	176.11
b) Amount spent during the year on	296.52	302.08
	<b>In cash</b>	<b>Yet to paid in cash</b>
<b>For the year March 31, 2018</b>		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	261.15	35.37
<b>For the year March 31, 2017</b>		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	289.04	13.04

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 38 INCOME TAXES RELATING TO CONTINUING OPERATIONS

#### 38.1 Income tax expenses recognised

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>In respect of the current year</b>		
- Current tax recognised in Consolidated Statement of Profit and Loss	8,049.03	4,618.33
- Deferred tax recognised in Consolidated Statement of Profit and Loss	354.43	(113.00)
	<b>8,403.46</b>	<b>4,505.33</b>
<b>In respect of the current year</b>		
- Current tax recognised in other comprehensive income	(36.78)	(38.33)
	<b>(36.78)</b>	<b>(38.33)</b>
<b>Total income tax expense recognised in the current year</b>	<b>8,366.68</b>	<b>4,467.00</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Profit before tax</b>	<b>26,649.25</b>	<b>18,201.21</b>
Income tax expense calculated at 34.608% (2016-2017: 34.608%)	9,222.77	6,299.07
Effect of:		
Income exempt from tax	(1,945.60)	(821.61)
Expenses that are not deductible in determining taxable profit	247.00	158.16
Tax concessions availed / reversed	65.03	(1,458.97)
Unused tax losses and tax setoff not recognised as deferred tax assets earlier	-	(196.12)
Income taxable at different tax rate	103.60	(90.01)
Deductible temporary differences on account of indexation benefits recognised as deferred tax assets	(73.55)	(71.96)
Excess provision for tax	-	666.20
Income tax on sale of undertaking	466.31	-
Finance lease income chargeable to tax	288.98	-
Others	28.92	20.57
<b>Income tax expense recognised in Consolidated Statement of Profit and loss</b>	<b>8,403.46</b>	<b>4,505.33</b>

### 39. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. Chairman and Managing Director of the Group are the chief operating decision makers. The Group operates only in one Business Segment i.e. 'Chemical Business' which constitutes a single reporting segment.

The Group has two geographical segments based upon location of its customers - within and outside India:

(₹ in Lakhs)

PARTICULARS	As at and for the year ended March 31, 2018			As at and for the year ended March 31, 2017		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	44,066.91	48,467.43	92,534.34	42,378.00	35,944.19	78,322.19
Carrying cost of non current assets@	48,601.93	793.11	49,395.04	63,107.48	608.12	63,715.60
Cost incurred on acquisition of property, plant and equipment	4,326.28	263.67	4,589.95	17,431.05	111.63	17,542.68

@ Excluding financial assets.

Note: Considering the nature of business of the Group in which it operates, the Group deals with various customers. Consequently, none of the customer contributes materially to the revenue of the Group.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

#### 40. EARNING PER SHARE

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year attributable to equity shareholders - (₹ in lakhs) - A	17,977.80	13,660.36
Weighted average number of equity shares outstanding during the year - B	4,92,51,111	4,89,41,690
Effect of Dilution :		
Weighted average number of ESOP shares outstanding	1,18,420	4,29,125
Weighted average number of Equity shares adjusted for the effect of dilution - C	4,93,69,531	4,93,70,815
Basic earnings per share - ₹ (A/B)	36.50	27.91
Diluted earnings per share - ₹ (A/C)	36.41	27.67
Nominal value per share - ₹	2.00	2.00

**40.1** At the 19th Annual General Meeting of the Company held on June 29, 2017, Members of the holding Company have passed Resolution approving sub-division of shares in the ratio of 5 Equity Shares of ₹ 2 each for every 1 Equity Share of ₹ 10 each. The record date for the aforesaid sub-division was July 20, 2017. Consequently, the basic and diluted earnings per share have been adjusted for the sub-division of shares for the year ended March 31, 2017 in accordance with the provisions of Ind AS 33, 'Earnings per Share'.

#### 41. LEASING ARRANGEMENT

41.1 The Group has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancellable in nature and range between 11 months to 60 months. These leave and license agreements are generally renewable or cancellable at the option of the Company or the lessor. The lease payment recognised in the Consolidated Statement of Profit and Loss is ₹ 684.96 lakhs (as at March 31, 2017 ₹ 601.33 lakhs).

41.2 The Group has taken office premise under non-cancellable lease rental agreement. Details of minimum lease payments for the same are as under:

as under:		(₹ in Lakhs)
	As at	As at
<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
not later than one year	302.16	399.34
later than one year and not later than five years	1,372.33	1,073.74
later than five years	-	402.65
<b>Total</b>	<b>1,674.49</b>	<b>1,875.73</b>

## 42. EMPLOYEE BENEFIT PLANS

#### 42.1 Defined Contribution Plan

The company has recognised the following amounts in the Statement of Profit and Loss for the year: (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Contribution to Provident Fund	62.79	47.82
Contribution to Family Pension Fund	93.10	89.41
Contribution to Superannuation Fund	314.89	284.33
Contribution to Employees' State Insurance Scheme	9.14	3.30
Contribution to Employees' Deposits Linked Insurance Scheme	5.89	5.54
<b>Total</b>	<b>485.81</b>	<b>430.40</b>

## 42.2 Defined Benefit Plans

The plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2018. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Group sponsors funded defined benefit gratuity plan for all eligible employees of the Group. The Group's defined benefit gratuity plan requires contributions to be made to a separately administered trust. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Group makes provision for gratuity fund based on an actuarial valuation carried out at the end of the year using 'projected unit credit' method.

The principal assumptions used for the purposes of the actuarial valuations of gratuity liability were as follows.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1. Discount rate	7.68%	7.09%	7.79%
2. Salary escalation	11%	10%	10%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate		
4. Attrition rate	11%	11%	11%

## Balances of defined benefit plan

Balances of defined benefit plan			(₹ in lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Present value of funded defined benefit obligation	2,046.82	(1,794.01)	(1,598.46)
Fair value of plan assets	1,967.88	1,799.15	1,543.96
Net (liability)/asset arising from gratuity	(78.94)	5.14	(54.50)

## 42. EMPLOYEE BENEFIT PLANS (contd...)

- Following is the amount recognised in Consolidated Statement of Profit and Loss, other comprehensive income, movement in defined benefit liability (i.e. gratuity) and movement in plan assets:

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Components of expense recognised in the Statement of Profit and Loss</b>		
Current service cost	154.18	129.85
Net interest expenses	(0.36)	4.25
<b>Total (A)</b>	<b>153.82</b>	<b>134.10</b>
<b>B. Components of defined benefit costs recognised in other Comprehensive</b>		
Remeasurement on the net defined benefit liability:		
-Return on plan assets (excluding amounts included in net interest expense)	15.94	0.98
-Actuarial gains and losses arising from changes in financial assumptions	38.48	59.74
-Actuarial gains and losses arising from experience adjustments	50.84	50.04
<b>Total (B)</b>	<b>105.26</b>	<b>110.76</b>
<b>C. Movements in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,794.01	1,598.46
Current service cost	154.18	129.85
Interest cost	127.20	124.52
Remeasurement (gains)/losses:		
-Actuarial gains and losses arising from changes in financial assumptions	38.48	59.74
-Actuarial gains and losses arising from experience adjustments	50.84	50.04
Liabilities assumed for employee transferred from other entity	-	55.92
Benefits paid	(117.90)	(224.52)
<b>Closing defined benefit obligation (C)</b>	<b>2,046.81</b>	<b>1,794.01</b>
<b>D. Movements in the fair value of the plan assets</b>		
Opening fair value of plan assets	1,799.15	1,543.96
Interest income	127.56	120.27
Remeasurement gain (loss):		
-Return on plan assets (excluding interest income)	(15.94)	(0.98)
Contributions by employer	175.00	304.50
Asset transferred in for employee transferred from other entity	-	55.92
Benefits paid	(117.90)	(224.52)
<b>Closing fair value of plan assets (D)</b>	<b>1,967.87</b>	<b>1,799.15</b>

- The fair value of the plan assets at the end of the reporting period for each category, are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Central Government of India	11.81%	12.52%	20.17%
State Government Securities	20.16%	18.02%	12.99%
Special Deposits Scheme	9.80%	10.38%	9.90%
Debt Instruments/Corp Bonds	58.24%	59.08%	56.94%

- | Particulars          | Within 1 year | 1-5 years | Above 5 years |
|----------------------|---------------|-----------|---------------|
| As at March 31, 2018 | 198.31        | 487.80    | 1,540.07      |
| As at March 31, 2017 | 317.64        | 785.67    | 1,679.51      |

- |   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|---|-------------------------|-------------------------|
| <b>Increase/ (decrease) in assumptions</b>                    |                         |                         |
| Impact of discount rate for 50 basis points increase          | (49.86)                 | (50.63)                 |
| Impact of discount rate for 50 basis points decrease          | 52.61                   | 38.01                   |
| Impact of salary escalation rate for 50 basis points increase | 50.76                   | 36.57                   |
| Impact of salary escalation rate for 50 basis points decrease | (48.62)                 | (49.70)                 |
| Impact of attrition rate for 50 basis points increase         | (10.64)                 | (15.99)                 |
| Impact of attrition rate for 50 basis points decrease         | 11.13                   | 1.36                    |

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year

In respect of certain employees, provident fund contributions are made to a separately administered trust. Such contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the guaranteed specified interest rate, the same is provided for by the Group. The actuary has provided an actuarial valuation and the interest shortfall liability, if any, has been provided in the books of accounts after considering the assets available with the provident fund trust.

- | Balances of defined benefit plan                   |                         |                         | (₹ in lakhs)           |
|--|-------------------------|-------------------------|------------------------|
| Particulars  | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>April 1, 2016 |
| Present value of funded defined benefit obligation | (2,373.85)              | (1,806.73)              | (1,606.98)             |
| Fair value of plan assets                          | 2,523.55                | 1,931.68                | 1,732.62               |
| Net Assets/(Liabilities)*                          | -                       | -                       | -                      |

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## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

- (b) Expenses recognised for defined benefit plan and movement of plan assets and liabilities

Following is the amount recognised in Consolidated Statement of Profit and Loss, movement in defined benefit liability (i.e. provident fund) and movement in plan assets:

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Components of expense recognised in the Statement of Profit and Loss</b>		
Current service cost	144.26	128.70
Expected Return on plan assets	(180.47)	(128.80)
Net interest expenses	180.47	128.80
<b>Total (A)</b>	<b>144.26</b>	<b>128.70</b>
<b>B. Movements in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,806.73	1,606.98
Current service cost	144.26	128.70
Interest cost	180.47	128.80
Employee Contribution	217.82	185.63
Liabilities assumed for employee transferred from other entity	183.24	15.46
Benefits paid	(158.67)	(258.84)
<b>Closing defined benefit obligation (B)</b>	<b>2,373.85</b>	<b>1,806.73</b>
<b>C. Movements in the fair value of the plan assets</b>		
Opening fair value of plan assets	1,931.68	1,732.62
Remeasurement gain / (loss):	24.75	(0.69)
Expected Return on plan assets	180.47	128.80
Contributions	362.08	314.33
Asset transferred in for employee transferred from other entity	183.24	15.46
Benefits paid	(158.67)	(258.84)
<b>Closing fair value of plan assets (C)</b>	<b>2,523.55</b>	<b>1,931.68</b>

- (c) Category wise plan assets

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Central Government of India	11.17%	13.36%	15.17%
State Government Securities	20.73%	15.11%	10.41%
Special Deposits Scheme	30.15%	34.22%	38.82%
Public Sector Units	34.01%	33.69%	32.43%
Private Sector Bonds	2.04%	1.44%	0.87%
Others	1.90%	2.18%	2.30%

#### 42.3 Other Long term Employee Benefits:

The liability for Compensated absences as determined by Independent actuary as at the balance sheet date is ₹ 1,083.45 lakhs (March 31, 2017: ₹ 912.85 lakhs, April 1, 2016: ₹ 767.75 lakhs).

## 43. FINANCIAL INSTRUMENTS AND RISK REVIEW

## 43.1 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return to shareholders the capital or issue new shares or take such appropriate action as may be

### 43.2 Fair value measurements

## (₹ in lakhs)

(ii) Fair value hierarchy

Financial assets measured at fair value - (₹ in lakhs)

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### 43.2 Fair value measurements (contd...)

Financial assets measured at fair value - recurring fair value measurements				(₹ in lakhs)
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Investments in mutual funds</b>				
As at March 31, 2018	33,662.03	-	200.00	33,862.03
As at March 31, 2017	13,948.78	-	50.00	13,998.78
As at April 01, 2016	10,665.78	-	-	10,665.78
<b>Derivative liability</b>				
As at March 31, 2018	-	9.18	-	9.18
As at March 31, 2017	-	73.13	-	73.13
As at April 01, 2016	-	80.96	-	80.96

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(iii) Valuation technique used to determine fair value

1. The fair value of the unquoted investments is determined using quoted bid prices in an active market.
2. The fair value of the unquoted investments is determined using the inputs other than quoted prices included in level 1 that are observable for assets and liabilities.
3. Company has made investments in 'Ask Real Estate Special Situation Fund'. The aforesaid Fund has been set up to invest in various projects, however, the Fund currently is in start up phase. Hence, based on management assessment, the fair value of such investment is not materially different from its carrying value.

(iv) Fair value of Financial assets and liabilities measured at amortised cost

The carrying amounts of cash and cash equivalents, trade receivables, receivables from related parties and trade payables are considered to be the same as their fair values due to their short-term nature. Fair value of security deposits approximates the carrying value.

### 43.3 Financial risk management objectives

The Group's activities exposes it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of financial risks on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### 43.4 Market Risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and other price risk. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk including forward foreign exchange contracts.

(i) Exposure to foreign exchange risk:

The Group has exposure arising out of export, import and other transactions other than functional risks. The Group hedges its foreign exchange risk using foreign exchange forward contracts. The same is within the guidelines laid down by Risk Management Policy of the Group.

(ii) Foreign exchange risk management:

The carrying amounts of the Group's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	(₹ in lakhs)	Foreign currency In lakhs)	(₹ in lakhs)	Foreign currency In lakhs)	(₹ in lakhs)	Foreign currency In lakhs)
<b>Particulars</b>						
<b>Amount receivable</b>						
USD	54.71	0.84	-	-	138.06	2.08
GBP	7.24	0.08	10.77	0.13	2.26	0.02
EURO	13.07	0.16	-	-	-	-
<b>Amount payable</b>						
USD	1,138.86	17.47	44.02	0.68	66.06	1.00
GBP	0.75	0.01	0.40	*	0.12	*
EURO	-	-	-	-	2.75	0.04

\* Amount is below the rounding off norms adopted by the company

(iii) Foreign exchange risk sensitivity:

3% is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding unhedged foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. A positive number below indicates an increase in profit and negative number below indicates a decrease in profit. Following is the analyze of change in profit where the Indian Rupee strengthens and weakens by 3% against the relevant currency:

	(₹ in lakhs)			
	For year ended March 31, 2018		As at March 31, 2017	
Foreign currency	3% strengthen	3% weakening	3% strengthen	3% weakening
USD	(32.52)	35.52	1.32	(1.32)
GBP	0.19	(0.19)	(0.31)	0.31
EURO	0.39	(0.39)	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 43.5 Foreign exchange risk (contd...)

(iv) Forward foreign exchange contracts

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Currency	Exposure to buy / sell	As at the year end	
		₹ in lakhs	Foreign Currency in lakhs
US Dollars			
March 31, 2018	sell	5656.83	86.48
March 31, 2017	sell	5,233.40	80.70
April 1, 2016	sell	6,730.16	101.58
GBP			
March 31, 2018	sell	-	-
March 31, 2017	sell	-	-
April 1, 2016	sell	37.23	0.39
EURO			
March 31, 2018	sell	246.43	3.03
March 31, 2017	sell	18.61	0.27
April 1, 2016	sell	112.64	1.49
US Dollars			
March 31, 2018	Buy	2,737.37	41.82
March 31, 2017	Buy	2,387.82	36.82
April 1, 2016	Buy	2,986.75	45.08

### 43.6 Other price risks

The Group is mainly exposed to the price risk due to its investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments. Equity price risk is related to the change in market reference price of the investments in equity securities. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities.

In order to manage its price risk arising from investments in equity instruments, the Group maintains its portfolio in accordance with the framework set by the Risk Management policies. Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and Investments Committee.

### Price Risk Sensitivity Analysis:

As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Company has calculated the impact as follows:

For equity instruments, a 10% increase in equity prices would have led to approximately an additional ₹537.03 lakhs gain in statement of profit and loss (Previous year: ₹632.01 lakhs). A 10% decrease in equity prices would have led to an equal but opposite effect.

### 43.7 Interest rate risk:

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed in floating interest rate. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Group has exposure to interest rate risk, arising principally on changes in GBP LIBOR rate.

If interest rate had been 50 basis points higher and all other variables were held constant profit for the year ended March 31, 2018 would have been lower by ₹ 6.33 lakhs (previous year: ₹ 9.26 lakhs). An opposite impact would have been on profit had the interest rate had been 50 basis points lower.

(i) Exposures to credit risk

(ii) Credit risk management

1) Trade receivable

Trade receivables are written off when there is no reasonable expectation of recovery. The allowance for lifetime expected credit loss on customer balances as at March 31, 2018 was ₹ 142.83 lakhs (March 31, 2017 - ₹ 77.31 lakhs ; April 1, 2016 - ₹ 90.49 lakhs).

## Movement in the credit loss allowance

(₹ in lakhs)

## 2) Cash and Cash Equivalent

### 3) Investment in Mutual Funds

### 43.9 Liquidity risk

(i) Liquidity risk tables

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### 43.8 Credit risk (contd...)

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable liquid investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

## (ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in lakhs)

Particulars	Carrying amount	Less than 1 year	more than 1 year	Total
<b>As at March 31, 2018</b>				
– Borrowing	1,265.52	843.68	421.84	1,265.52
– Trade payable	9,836.61	9,836.61	-	9,836.61
– Other financial liabilities	1,621.17	1,621.17	-	1,621.17
– Derivative liabilities (on net basis)	9.18	9.18	-	9.18
<b>As at March 31, 2017</b>				
– Borrowing	1,851.76	742.24	1,109.52	1,851.76
– Trade payable	7,775.28	7,775.28	-	7,775.28
– Other financial liabilities	1,524.45	1,524.45	-	1,524.45
– Derivative liabilities (on net basis)	73.13	73.13	-	73.13
<b>As at April 01, 2016</b>				
– Borrowing	5,172.57	2,990.40	2,182.17	5,172.57
– Trade payable	7,925.78	7,925.78	-	7,925.78
– Other financial liabilities	1,394.32	1,394.32	-	1,394.32
– Derivative liabilities (on net basis)	80.96	80.96	-	80.96

#### 44. SHARE BASED PAYMENTS

## Details of the employee share based plan of the Group

**Employee stock option scheme 2007 ("ESOS 2007")** - The Shareholders at their Annual General Meeting held on July 20, 2007 had approved the issue of Stock Options to eligible employees and directors, including the Managing Director(s) and the Whole Time Director(s) but excluding the promoters or persons belonging to the promoter group of the holding Company to the extent maximum of 5% of issued and paid up share capital of the holding Company from time to time. Each option is exercisable into one fully paid-up Equity Shares of ₹ 2 each of the holding Company. These options are to be issued in one or more tranches and on such terms and conditions (including exercise price, vesting period, exercise period etc.) as may be determined by the Nomination and Remuneration Committee (NRC) in accordance with the provisions of the ESOS 2007, SEBI Regulations and in compliance with other applicable laws and regulations. The stock options granted under ESOS 2007 shall be capable of being exercisable on vesting within 10 years from grant date.

**Employee stock option scheme 2017 (“ESOS 2017”)** - The Shareholders at their Annual General Meeting held on June 29, 2017 had approved the issue of Stock Options to eligible employees and directors, including the Managing Director(s) and the Whole Time Director(s) but excluding the promoters or persons belonging to the promoter group of the holding Company and its subsidiary companies to the extent maximum of 5% of issued and paid up share capital of the holding Company from time to time. Each option is exercisable into one fully paid-up Equity Shares of ₹ 2 each of the holding Company. These options are to be issued in one or more tranches and on such terms and conditions (including exercise price, vesting period, exercise period etc.) as may be determined by

the Nomination and Remuneration Committee (NRC) in accordance with the provisions of the ESOS 2017, SEBI Regulations and in compliance with other applicable laws and regulations. The stock options granted under ESOS 2017 shall be capable of being exercisable on vesting within 10 years from grant date.

- | Scheme    | Grant date       | Number of<br>Stock Options |                | Exercise Price (₹) |
|-----------|------------------|----------------------------|----------------|--------------------|
|           |                  | Granted                    | Vesting period |                    |
| ESOS 2007 | July 28, 2007    | 1,11,000*                  | 4 Years        | 74.84              |
|           | July 28, 2007    | 40,000*                    | 4 Years        | 81.49              |
|           | April 28, 2014   | 4,33,500*                  | 2 Years        | 78.00              |
|           | June 29, 2015    | 1,50,115*                  | 2 Years        | 194.80             |
|           | October 24, 2016 | 56,075*                    | 2 Years        | 554.40             |
| ESOS 2017 | March 19, 2018   | 58,830                     | 2 Years        | 780.00             |

(ii) The following reconciles the Stock Options outstanding at the beginning and end of the period:

(iii) Share options outstanding at the end of the year have the following expiry date and exercise prices:

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## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 44. SHARE BASED PAYMENTS (contd...)

- (iv) Stock Options granted during the period were fair valued using a Black Scholes option pricing model. The expected volatility is based on the historical share price volatility (based on the remaining life of the options), adjusted for any expected change to future volatility due to publicly available information:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Inputs into the model</b>		
Expected volatility (%)	38.63%	39.68%
Option life (Years)	4	7
Dividend yield (%)	1.11%	3.82%
Risk-free interest rate	7.65%	6.83%

- (v) Expenses arising from employee share based payment transaction recognised in the Consolidated Statement of Profit and Loss as part of employee benefit expense for the year ended March 31, 2018 is ₹ 64.02 lakhs (March 31, 2017 ₹ 104.71 lakhs). Also refer note 34.

### 45. RELATED PARTY TRANSACTIONS

Following are the name and relationship of related parties with which Group have transactions/ balances:

#### 1. Enterprises over which key management personnel and their relatives are able to exercise significant influence

Mafatlal Industries Limited (upto August 19, 2016)  
NOCIL Limited (upto August 19, 2016)  
Arvind Mafatlal Foundation Trust  
Sri Sadguru Seva Sangh Trust  
Seth Navinchandra Mafatlal Foundation Trust

#### 2. Joint Ventures

Swarnim Gujarat Fluorspar Private Limited  
Convergence Chemicals Private Limited

#### 3. Associate:

Urvija Associates, India - a partnership firm where the Company is a partner

#### 4. Key Management personnel

Shri Hrishikesh A. Mafatlal (upto August 19, 2016)  
Shri Vishad P. Mafatlal (Executive Director w.e.f. August 19, 2016)  
Shri Shekhar S. Khanolkar - Managing Director  
Shri T.M.M. Nambiar - Independent Non-Executive Director  
Shri P.N.Kapadia - Independent Non-Executive Director  
Shri S.S.Lalbhai - Independent Non-Executive Director  
Shri S.M.Kulkarni - Independent Non-Executive Director  
Shri S.G.Mankad - Independent Non-Executive Director  
Shri H.H.Engineer - Independent Non-Executive Director  
Shri A.K.Srivastava - Independent Non-Executive Director  
Smt R.V.Haribhakti - Independent Non- Executive Director

45.1 Disclosures in respect of significant transactions with related parties during the year:

(₹ in Lakhs)

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## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 45.1 Disclosures in respect of significant transactions with related parties during the year: (contd...)

(₹ in Lakhs)

Transactions	Year ended March 31, 2018	Year ended March 31, 2017
<b>Donation</b>		
Sri Sadguru Seva Sangh Trust	110.00	60.00
Arvind Mafatlal Foundation Trust	-	100.00
<b>Managerial remuneration</b>		
Shri Hrishikesh A. Mafatlal	-	236.08
Shri Vishad P.Mafatlal	565.17*	269.16
Shri Shekhar S. Khanolkar	660.41*	347.01
<b>Director Sitting fees and Commission</b>		
Shri Vishad P.Mafatlal	-	1.75
Shri T.M.M.Nambiar	21.60*	18.30
Shri P.N.Kapadia	21.60*	17.95
Shri S.S.Lalbhai	21.95*	17.60
Shri S.M.Kulkarni	21.95*	18.30
Shri S.G.Mankad	19.85*	15.50
Shri H.H.Engineer	19.85*	15.50
Shri A.K.Srivastava	19.85*	15.50
Smt R.V.Haribhakti	19.50*	15.85

\* Commission payable to Independent, Non-executive directors of ₹ 571.00 lakhs for the year ended March 31, 2018 is subject to approval of shareholders.

### Disclosures of significant closing balances:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Amounts due to</b>			
Mafatlal Industries Limited	-	-	6.10
NOCIL Limited	-	1.49	1.49
Convergence Chemicals Private Limited	553.25	12,720.50	-
<b>Commission due to Directors</b>			
Shri Hrishikesh A. Mafatlal	-	90.37	188.00
Shri Vishad P.Mafatlal	329.00	150.63	9.00
Shri Shekhar S. Khanolkar	126.43	92.70	58.30
Shri T.M.M. Nambiar	16.00	12.00	9.00
Shri P. N. Kapadia	16.00	12.00	9.00
Shri S. S. Lalbhai	16.00	12.00	9.00
Shri S. M. Kulkarni	16.00	12.00	9.00
Shri S. G. Mankad	16.00	12.00	9.00
Shri H.H.Engineer	16.00	12.00	9.00
Shri A.K.Srivastava	16.00	12.00	9.00
Smt R.V.Haribhakti	16.00	12.00	9.00

[illegible]

(₹ in Lakhs)

Terms and Condition:

The sales to related parties are in the ordinary course of business. Sales transactions are based on prevailing price lists. For the year ended March 31, 2018, the Group has not recorded any loss allowances for trade receivables from related parties.

The holding Company has given loan to Convergence Chemicals Private Limited (CCPL) for working capital requirement. The loan balances as at March 31, 2018 was ₹ 325.00 lakhs. These loans are unsecured and carry an interest rate of 14% and repayable on demand.

Guarantees provided to the lenders of the joint venture company are for availing term loans from the lender banks.

## (₹ in Lakhs)

## 47. CONTINGENT LIABILITIES

(₹ in Lakhs)

Note : It is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 48. RESEARCH AND DEVELOPMENT EXPENDITURE

The details of research and development expenditure of ₹ 1,787.68 lakhs (as at 31st March, 2017 ₹ 1,427.54 lakhs) included in the figures reported under notes 5 and 32 to 37 are as under:

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Capital Expenditure	206.98	32.71
Revenue Expenditure	1,580.70	1,394.83
	<b>1,787.68</b>	<b>1,427.54</b>
The details of revenue expenditure incurred on research and development are as under :		
Salaries / Wages	814.01	691.25
Material / Consumable / Spares	291.74	309.35
Utilities	131.41	125.23
Other expenditure	186.69	111.93
Depreciation	156.85	157.07
	<b>1,580.70</b>	<b>1,394.83</b>

**49.** Mafatlal Industries Limited was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers have asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the sanctioned scheme of Mafatlal Industries Limited, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

50. Before transfer of assets to Sulakhshana Securities Limited (SSL) by Mafatlat Industries Limited (MIL) pursuant to its sanctioned scheme of rehabilitation, MIL had initiated steps for revision in rent/recovery of expenses and filed legal proceedings for eviction of some of its tenants/ (now) ex-tenants who were occupying at that time some of the premises in its building at Nariman Point, Mumbai. Pending resolution of those legal cases, rent of Nil, as at March 31, 2017, Nil, (aggregate to date, ₹ 66.43 lakhs, as at April 1, 2016, ₹66.43 lakhs) and recovery of expenses of ₹ Nil, as at March 31, 2017, Nil (aggregate to date, ₹ 42.40 lakhs, as at March 31, 2017; ₹ 42.40 lakhs as at April 1, 2016), have not been accounted, on legal advice. The ex-tenants have filed Civil Revision Application and secured a stay from the Honorable Bombay High Court in April 2013 against the Order of the appeal bench of Honorable Small Causes Court awarding an increased amount to SSL. During the year 2014-15, pursuant to the directions of the Honorable Bombay High Court and the Undertakings provided by SSL, it received ₹ 655.58 lakhs deposited by the ex-tenants which is subject to final disposal of the matter. SSL is liable to refund the amount if the final decision goes against it. Pending final decision on the matter, the aforesaid amount has been kept in Term deposit account and the interest thereon is not considered as an Income.

51. The Group's business relating to manufacture and sale of Specialty Fluorochemicals at Dahej was transferred to Convergence Chemicals Private Limited, a joint venture between the Group and Piramal Enterprise Limited, with effect from December 1, 2017, on a going concern basis by way of slump sales together with all the identified assets, liabilities, consents, permissions, services of employees etc. Revenue from operations of this Business till November 30, 2017 was ₹ 5,568.28 lakhs, which are included in the Consolidated Statement of Profit and Loss.

## 52. FIRST-TIME ADOPTION OF IND-AS

This is the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an

opening Ind AS balance sheet as at April 01, 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes..

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(i) **Business Combination**

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively for all the business combinations occurred before the transition date i.e. April 1, 2016.

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment, Intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the group has elected to measure all of its property, plant and equipment, intangible assets and investment properties at their previous GAAP carrying value.

In respect of all joint ventures which were earlier accounted using the proportionate consolidation technique under previous GAAP, the Group has measured its investments in those joint ventures as the aggregate of corresponding carrying amounts of the assets and liabilities as a deemed cost on the date of transition as per Ind AS-111 - Joint arrangement.

The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. The group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at the transition date.

(i) Estimates

The entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Upon an assessment of the estimates made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by previous GAAP.

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 52.1 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) under previous GAAP		76,451.75	64,534.44
Ind AS adjustments			
-Measurement of investments at fair value	A	6,138.25	6,368.96
-Reversal of provision for proposed dividend including tax thereon	D	-	1,295.77
- Others	B,C	(36.26)	(26.73)
-Recognition of deferred taxes in accordance with Ind AS	E	964.19	869.52
<b>Total adjustment to equity</b>		<b>7,066.18</b>	<b>8,507.52</b>
<b>Total equity (shareholder's funds) under Ind AS</b>		<b>83,517.93</b>	<b>73,041.96</b>

52.2 Reconciliation of total comprehensive income for the year ended March 31, 2017:

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2017
Profit as per previous GAAP		13,837.69
Adjustments :		
- Measurement of investments at fair value	A	(230.71)
- Share based payment costs recognised based on fair value method	F	(104.71)
- Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS, net of taxes	G	72.43
- Others	B,C	(9.55)
- Recognition of deferred taxes in accordance with Ind AS	E	95.21
<b>Total adjustment to profit or loss</b>		<b>(177.33)</b>
<b>Profit or loss under Ind AS</b>		<b>13,660.36</b>
Other comprehensive income under Ind AS, net of tax		(42.26)
<b>Total comprehensive income under Ind AS</b>		<b>13,618.10</b>

**Note:** Total comprehensive income was not reported under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

### 52.3 EFFECT OF IND AS ADOPTION ON THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017:

(₹ in Lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	22,830.80	(13,591.40)	9,239.40
Net cash flows from investing activities	(16,614.92)	15,058.52	(1,556.40)
Net cash flows from financing activities	(4,516.57)	(2,191.84)	(6,708.41)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,699.31</b>	<b>(724.72)</b>	<b>974.59</b>

The adjustments are primarily on account of deconsolidation of Convergence Chemicals Private Limited, Bank overdraft and other Ind AS reclassifications.

### Notes to Reconciliation

A. Fair valuation of investments

Under previous GAAP, investments in equity instruments and mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, Fair value changes with respect to investments in equity instruments/mutual funds have been recognised in retained earnings as at the date of transition and subsequently in the Consolidated Statement of Profit and Loss.

#### B. Foreign Exchange Forward Contracts

### C. Security Deposits

D. Proposed dividend

E Deferred tax

F Employee stock option expense

G Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements that is actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of Statement of Profit or Loss. Under previous GAAP, these remeasurements were forming part of the Consolidated Statement of Profit and Loss for the year.

Other explanatory notes not impacting total equity or profit

### Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in the Consolidated Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in the Consolidated Statement of Profit and Loss but are shown in the Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. Exchange differences arising on translation of the foreign operations are also recognised through Other Comprehensive Income unlike previous GAAP in which such exchange differences are recognised directly in equity. The concept of other comprehensive income did not exist under previous GAAP.

## Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on face of the Consolidated Statement of Profit and Loss.

## Discounts and Commission

Under the previous GAAP, cash discount and other trade offers and incentives were forming part of other expenses. Under Ind AS, the same has been netted off against revenue.

**53.** The Ministry of Corporate Affairs (MCA) in its notification dated March 30, 2017 amended Schedule III to the Companies Act, requiring companies to provide the following disclosure in the financial statements in respect of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016:

(₹ in Lakhs)

Particulars	Other denomination		Total
	SBNs	notes	
Closing cash in hand as on November 8, 2016	8.93	0.81	9.74
(+) Permitted receipts	-	36.75	36.75
(-) Permitted payments	-	(22.28)	(22.28)
(-) Amount deposited in Banks	(8.91)	-	(8.91)
Closing cash in hand as on December 8, 2016 *	0.02	15.28	15.30

\*SBN Notes of ₹ 0.02 lakhs have been written-off as at March 31, 2017.

## 54A. DETAILS OF THE SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		
			As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Sulakshana Securities Limited - SSL	Lease rental of investment property	India	100%	100%	100%
Manchester Organics Limited - MOL	Chemical Business	U.K	100%	100%	100%
Navin Fluorine (Shanghai) Co. Ltd	Chemical Business	China	100%	100%	100%
NFIL (UK) Ltd	Chemical Business	U.K	100%	100%	100%
NFIL (USA) Ltd	Chemical Business	USA	100%	N.A.	N.A.

## 54B. INVESTMENTS IN ASSOCIATE

Aggregate information of associate that is not material

(₹ in Lakhs)

	As at	As at
Particulars	March 31, 2018	March 31, 2017
The Group's share of loss from continuing operations	-	(0.12)
The Group's share of post-tax profit/(loss) from discontinued operations	-	-
The Group's share of other comprehensive income	-	-
The Group's share of loss in total comprehensive income	-	(0.12)

## 54C. INVESTMENTS IN JOINT VENTURES

Aggregate information of Joint Ventures that are not individually material

(₹ in Lakhs)

	As at	As at
Particulars	March 31, 2018	March 31, 2017
The Group's share of loss from continuing operations	(267.99)	(35.40)
The Group's share of post-tax profit/(loss) from discontinued operations	-	-
The Group's share of other comprehensive income	-	-
The Group's share of loss in total comprehensive income	(267.99)	(35.40)

## (₹ in Lakhs)

There was no change in the group's ownership interest in Joint Ventures during the year. There are no significant restrictions on the ability of Joint Ventures to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

56 NAME OF THE ENTITY

57. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classifications / disclosures.

Firm Registration No. 012754N/N500016

### Directors

# Form AOC-I

(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

### Part "A" subsidiaries

Sr. No.	Name of the Subsidiary Company	Reporting period for the subsidiary	% of shareholding	Reporting currency and Exchange rate	Share capital	Other Equity	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Dividend
														(₹ in lacs)
1	Sulakhana Securities Limited	1st April, 2017 - 31st March, 2018	100%	INR	15.00	255.85	2,642.24	2,371.39	51.65		238.58	50.21	188.37	-
2	Manchester Organics Limited	1st April, 2017 - 31st March, 2018	*100%	GBP 1 GBP = INR 92.2775	0.09	2,967.48	4,357.76	1,390.19	-	4,313.25	187.43	(57.07)	244.51	-
3	NFIL (UK) Limited	1st April, 2017 - 31st March, 2018	100%	GBP 1 GBP = INR 92.2775	4,743.06	144.51	6,199.31	1,311.74	5,842.62	-	(59.79)	-	(59.79)	-
4	NFIL (USA) Inc	1st April, 2017 - 31st March, 2018	**100%	USD 1 USD = INR 65.1750	0.07	-	0.14	0.07	-	-	-	-	-	-
5	Navin Fluorine (Shanghai) Co. Ltd	1st April, 2017 - 31st March, 2018	100%	RMB 1 RMB = INR 10.3825	269.56	(204.75)	65.67	0.86	-	-	(91.87)	-	(91.87)	-

\* Navin Fluorine International Limited holds 51% and NFIL (UK) Limited holds 49% in Manchester Organics Limited

\*\* NFIL (UK) Limited holds 100% in NFIL (USA) Inc

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" Joint Ventures

Statement pursuant to section 129 (3) of the companies Act 2013 related to Joint Ventures										Profit/Loss for the year			
Sr. No.	Name of the Joint Venture/Associates	Latest audited Balance Sheet Date	Shares of Joint Ventures/Associate held by the Company on the year end		Amount of investment in Joint Venture	Extend of Holding %	Net worth attributable to shareholding as per latest audited Balance Sheet		Not Considered in Consolidation	Considered in Consolidation	Not Considered in Consolidation		
			No. of Shares				Balance Sheet						
1	Swarnim Gujarat Fluorspar Private Limited – SGFPL	31 March, 2018	10,82,500		108.25	49.43%	73.20	(5.26)					-
2	Convergence Chemicals Private Limited – CCPL	31 March, 2018	3,43,04,900		3,430.49	49.00%	3,078.46	(262.73)					-
3	Urvija Associates (Partnership Firm)	31 March, 2018	-		0.80	80.00%	2.13	-					-

1. Names of joint ventures which are yet to commence operation : Swarnim Gujarat Fluorspar Private Limited – SGFPL

2. Names of joint ventures which have been liquidated or sold during the year : None

## NOTES

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NAVIN FLUORINE INTERNATIONAL LIMITED

FORM NO. MGT-11

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN L24110MH1998PLC115499

Regd. Office: 2nd Floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East), Mumbai 400057

Email: info@nfil.in Website: www.nfil.in Tel. 022-66509999, Fax No.: 022-66509800

Name of the Member(s)

Registered Address:

E-mail id:

Folio No./Client ID:

DP ID:

I / We, being the member(s) ..... Shares of the above named company, hereby appoint:

- (1) Name ..... Address .....  
Email ID: ..... Signature ..... or failing him/her
- (2) Name ..... Address .....  
Email ID: ..... Signature ..... or failing him/her
- (3) Name ..... Address .....  
Email ID: ..... Signature ..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Tuesday, the 24th July 2018 at 3.00 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai-400020 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No. Resolution**

**Ordinary Business**

1. Adoption of Directors' Report, Audited Financial Statements for the year ended 31st March, 2018 and Auditors' Report thereon
2. Confirmation of Interim Dividend and Declaration of Final Dividend and Special Dividend.
3. SPECIAL RESOLUTION for Re-appointment of Shri T.M.M. Nambiar who retires by rotation and being eligible, offers himself for re-appointment.

**Special Business**

4. SPECIAL RESOLUTION for continuance of Shri S.M. Kulkarni as an Independent Director for the balance term of his current tenure upto 24th June, 2019.
5. ORDINARY RESOLUTION for reclassification of the persons/entities from the existing "Promoter"/ "Promoter Group" category to "Public" category
6. ORDINARY RESOLUTION U/s.148(3) of the Companies Act, 2013 for approval of remuneration of Cost Auditor.

Signed this ..... day of ....., 2018.

Signature of the Shareholder

Signature of Proxy holder(s)

Affix  
₹1  
Revenue  
Stamp

**Notes:** This form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



**NAVIN FLUORINE INTERNATIONAL LIMITED**

CIN L24110MH1998PLC115499

Regd. Office: 2nd Floor, Sunteck Centre, 37/40, Subhash Road, Vile Parle (East), Mumbai 400057  
Tel. 022-66509999, Fax No: 022-66509800, Website: www.nfil.in Email: info@nfil.in

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional attendance slips on request. (Folio Nos., DP ID\*, Client ID\* & Name of the Shareholder/Joint holders/Proxy in BLOCK LETTERS to be furnished below:

Shareholder	DP ID*	Client ID*	Folio	No. of Shares held
Proxy				

I hereby record my presence at the Twentieth Annual General Meeting of the Company to be held on Tuesday, the 24th July, 2018 at 3.00 P.M. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020.

SIGNATURE OF THE SHAREHOLDER OR PROXY

**NOTES:**

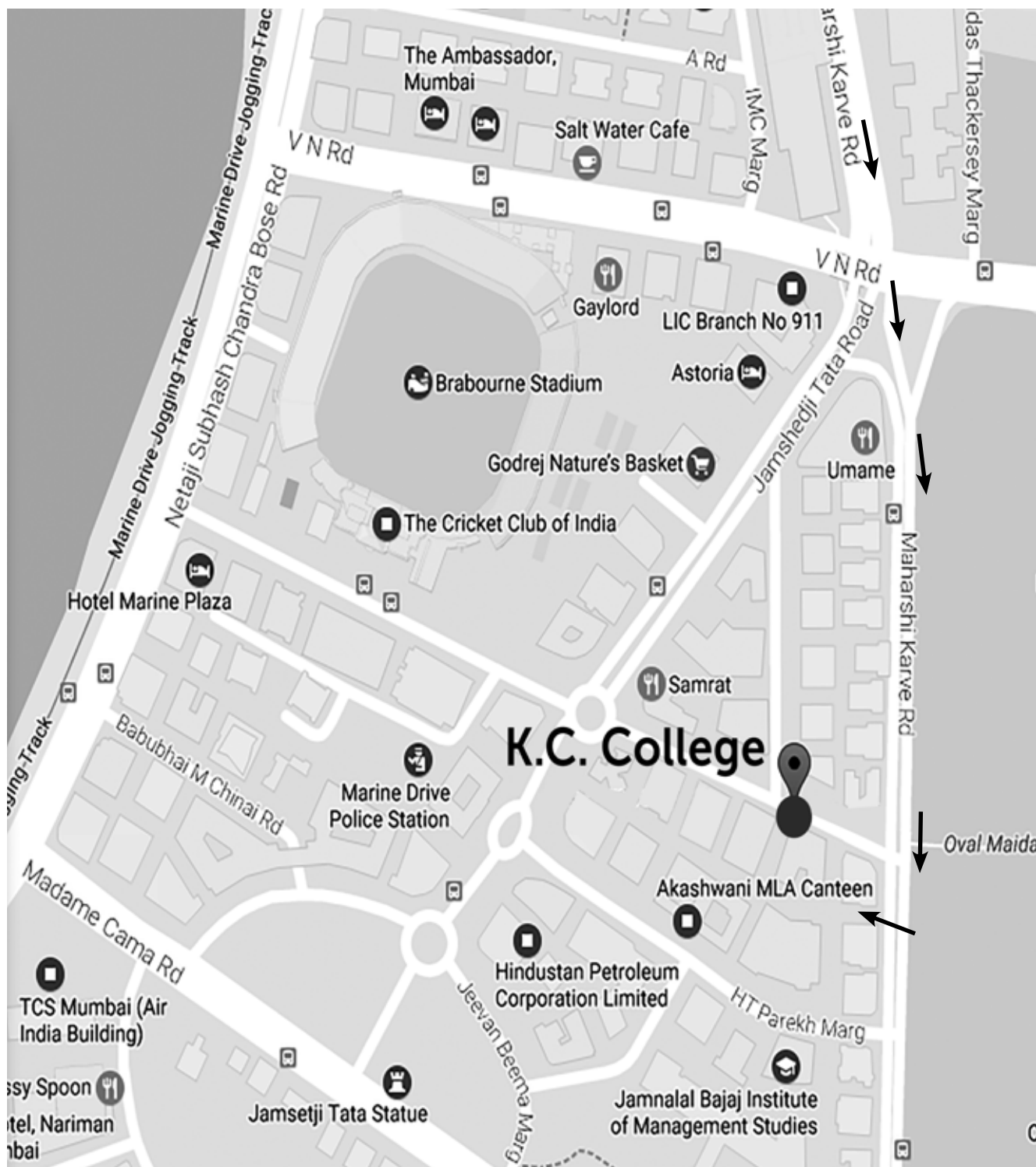
Shareholders/Proxy holders are requested to bring the attendance slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.

2. Shareholders are requested to advise, indicating their folio Nos., DP ID\*, Client ID\*, the change in their address, if any, to the Registrar & Share Transfer Agents, at Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.

\*Applicable for investors holding shares in Electronic (Demat) form.

## 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



# CREATING VALUE **SHARING VALUE**



Meet our Vendors - NFIL Vendor Meet 2017



NFIL wins accolades at the Indian Chemical Council Safety Awards



Safe, Affordable, Accessible – Piramal Sarvajal



Let's aid each other to combat AIDS – AIDS awareness campaign



The more we share, the more we have - The Salvation Army, Home for the Aged (Mumbai)



Care for vision - NFIL in action - Eye check-up camp

