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June 5, 2017

Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001
Stock Code: 532504

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

Dear Sirs,

Re: Notice of 19th Annual General Meeting & Notice for passing of resolution through Postal Ballot

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith:

- (a) Notice of the 19th Annual General Meeting of the Company scheduled to be held on Thursday, the 29th June, 2017 at 3.00 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020.
- (b) Notice for passing of Special Resolution through Postal Ballot for sale of undertaking of the Company at Dahej, Gujarat

Kindly take the above information on your records.

Thanking you,

Yours faithfully,
For NAVIN FLUORINE INTERNATIONAL LIMITED,

(Niraj Mankad)
Company Secretary

Encl: as above.

NOTICE

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of the Members of the Company will be held on Thursday, the 29th June, 2017 at 3.00 p.m. at Rama & Sundri Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Directors' Report, the Audited Financial Statements including the Statement of Profit and Loss for the year ended 31st March, 2017 and the Balance Sheet as at that date and the Auditors' Report thereon as also Consolidated Financial Statements for that Financial Year.
2. To confirm the payment of Interim Dividend on equity shares for the year 2016-17 and to declare final dividend on equity shares for the year 2016-17.
3. To appoint a Director in place of Mr. A.K. Srivastava (DIN 00046776) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an

ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No.012754N / N500016), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the 24th Annual General Meeting (subject to ratification of the appointment by the Members at every AGM held after this AGM) 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."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members be and is hereby accorded to the appointment of Mr. Vishad P. Mafatlal

(DIN 00011350) as Executive Chairman, designated as Chairman of the Company, for a period of 5 (Five) years with effect from 20th August 2016 on the terms and conditions and remuneration as set out in the Letter of Appointment dated 31st August, 2016 as modified by letter dated 28th April, 2017 laid before the Meeting, with the liberty and powers to the Board of Directors to increase, alter and vary the salary, commission and perquisites and other terms in such manner as the Board in its absolute discretion deems fit and is acceptable to Mr. V.P. Mafatlal within the limits specified in Section 197 and Schedule V to the Companies Act, 2013 or any amendments, modifications, re-enactments thereof in force from time to time in this behalf."

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

"RESOLVED THAT pursuant to the provisions of Section 61(1)(d), 64 and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules framed thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, consents and clearances as may be required, each of the equity share of the Company having a face value of ₹10/- (Rupees Ten only) be sub-divided into 5 equity shares having a face value of ₹2/- (Rupees two only) each."

"RESOLVED FURTHER THAT upon the sub-division of the equity shares as aforesaid, the existing share certificate(s) in relation to the existing equity shares of the face value of ₹10/- each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date (as determined by the Board) and the Company may without requiring the surrender of the existing Share Certificate(s) directly issue and dispatch the new Share Certificate(s) in lieu of such existing issued Share Certificate(s) and in the case of equity shares held in dematerialised form, the number of sub-divided equity shares be credited to the respective beneficiary accounts of the shareholders

with the Depository Participants, in lieu of the existing credits representing the equity shares of the Company before sub-division."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) thereof) be and is hereby authorised to make appropriate adjustments due to the sub-division of shares as aforesaid, to the outstanding options granted to the employees of the Company under the Employees Stock Option Scheme, 2007 of the Company, being administered by the Company pursuant to the Securities and Exchange Board of India (Employee Stock Options and Employee Stock Purchase Scheme) Guidelines, 1999 and/or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any amendments thereto from time to time, such that the exercise price for all outstanding options (vested and unvested options, including lapsed and forfeited options) as on the 'Record Date' (as determined by the Board) shall be proportionately adjusted and the number of options which are available for grant and those already granted but not exercised as on the 'Record Date' (as determined by the Board) shall be appropriately adjusted."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to fix the Record Date for the purpose of sub-division and to do all such acts, deeds, matters and things and to take steps as may be necessary including issuance of new share certificates, the delegation of all or any of the powers herein conferred, to any Director(s), Company Secretary or any other Officer(s) of the Company, or to the Company's Registrars and Share Transfer Agents, for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all such deeds, applications, documents, undertakings and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution,".

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

"RESOLVED THAT pursuant to the provisions of Section 61(1)(d) and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules framed thereunder (including any statutory modifications or re-enactments thereof, for the time being in force), Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following:

"V The Authorised Share Capital of the Company is ₹35,00,00,000/- (Rupees Thirty Five Crores) divided into 17,50,00,000 (Seventeen Crores Fifty Lacs) equity shares of ₹2/- each (Rupees Two only) with powers to increase or reduce the capital of the Company or to decrease the number of shares or to increase or decrease the face value of the shares in accordance with the Act in force from time to time and with a power to the Board of Directors to divide the shares in the capital for the time being into equity and/or preference and/or classify or reclassify the shares into equity and/or preference shares and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may be for the time being provided by the Regulations of the Company and the Legislative provisions for the time being."

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company and in accordance with the provisions

of any other applicable laws or regulations and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority/ies while granting such approval(s), permission(s) and sanction(s), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include the Nomination & Remuneration Committee ("NRC") and/or any other Committee constituted by the Board for this purpose), to create, offer, issue and allot equity shares under one or more Employee Stock Option Schemes (ESOS), from time to time, to the eligible employees whether working in India or out of India and to Directors of the Company (excluding Promoters, Independent Directors and Directors holding directly or indirectly more than 10% of the prevailing outstanding equity shares of the Company) and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter referred to as "Eligible Employees") on the terms and conditions as detailed in the Explanatory Statement annexed hereto or on such other terms and conditions and at such price and in such number of tranches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER THAT the maximum number of stock options to be granted to Eligible Employees of both the company and its subsidiaries under one or more Employee Stock Option Schemes shall not exceed 5% of the issued & paid up share capital of the Company from time to time (excluding 1,18,002 options which are at present in force under the Employees Stock Option Scheme, 2007).

RESOLVED FURTHER THAT the equity shares to be issued as stated aforesaid shall rank pari passu with all the existing equity shares of the Company for all purposes

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorised to evolve, decide upon and bring into effect one or more Employee Stock Option Schemes and to make any modifications,

changes, variation, alteration or revisions in it or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and/or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may, in its absolute discretion deem necessary, desirable, usual or proper in relation thereto with the liberty to the Board on behalf of the Company to settle any question, difficulties or doubts whatsoever that may arise with regard to such creation, offer, issue and allotment of shares without requiring the Board to secure any further consent or approval of the Members of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger, restructuring or such other similar event, the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary and which are within the provisions of the applicable laws & regulations, so as to ensure that fair and equitable benefits under the Employee Stock Option Schemes are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under the Employee Stock Option Schemes on the Stock Exchanges as per the provisions of SEBI LODR Regulations, SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 (the "Act"), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations") and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association

of the Company and in accordance with the provisions of any other applicable laws or regulations and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority/ies while granting such approval(s), permission(s) and sanction(s), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include the Nomination & Remuneration Committee ("NRC") and/or any other Committee constituted by the Board for this purpose), to create, offer, issue and allot equity shares one or more Employee Stock Option Schemes (ESOS), from time to time, to the eligible employees of the subsidiary(ies) Companies whether working in India or out of India, and to Directors of the subsidiaries (Present & future), (excluding Promoters, Independent Directors and Directors holding directly or Indirectly more than 10% of the prevailing outstanding equity shares of the Company/Subsidiary Companies) and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter referred to as "Eligible Employees") on the terms and conditions as detailed in the Explanatory Statement annexed hereto or on such other terms and conditions and at such price and in such number of tranches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees of both, the employees of the Company and its subsidiaries under one or more Employee Stock Option Schemes shall not cumulatively exceed 5% of the issued & paid up share capital of the Company from time to time (excluding 1,18,002 options which are at present in force under the Employees Stock Option Scheme, 2007).

RESOLVED FURTHER THAT the equity shares to be issued as stated aforesaid shall rank pari passu with all the existing equity shares of the Company for all purposes.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorised to evolve, decide upon and

bring into effect one or more Employee Stock Option Schemes and to make any modifications, changes, variation, alteration or revisions in it or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and/or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, desirable, usual or proper in relation thereto with the liberty to the Board on behalf of the Company to settle any question, difficulties or doubts whatsoever may arise with regard to such creation, offer, issue and allotment of shares without requiring the Board to secure any further consent or approval of the Members of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger, restructuring or such other similar event, the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary and which are within the provisions of the applicable laws & regulations, so as to ensure that fair and equitable benefits under the Employee Stock Option Schemes are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under the Employee Stock Option Schemes on the Stock Exchanges as per the provisions of the SEBI LODR Regulations, the SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Company."

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

"RESOLVED THAT pursuant to Section 197 of the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the Company be and is hereby accorded for the payment to the Non-Executive Directors of the Company, commission, as may be decided by the Board of Directors from time to time, at the rate not exceeding 1% of the net profits

of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, for a period of 5 years commencing from 1st April, 2018."

11. 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 reimbursement 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, 2017 to 31st March, 2018, be and is hereby approved and ratified."

By Order of the Board,

Place: Mumbai
Dated: 28th April, 2017

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

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 Numbers 5 to 11 mentioned in the above Notice is annexed hereto.
3. In terms of Section 152 of the Companies Act, 2013, Mr. A.K. Srivastava (DIN 00046776), 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 20th June, 2017 to Friday, the 23rd June, 2017 (both days inclusive) for the purpose of determining the eligibility of Shareholders entitled for payment of dividend, if any.
5. The final dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on 4th July, 2017.

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 2009 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. 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.
 8. 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
 9. 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.
 10. 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 authorising their representatives to attend and vote at the AGM.
 11. 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.
 12. **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.**
 13. The Notice of the AGM along with the Annual Report 2016-17 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.
 14. 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.5 to 11:

In respect of Item No. 5:

Mr. H.A. Mafatlal stepped aside as the Chairman and Director of the Company with effect from close of office hours on

19th August, 2016. His resignation was accepted by the Board of Directors at their meeting held on 19th August, 2016. At the aforesaid Meeting, the Board of Directors, based on the recommendations of Nomination and Remuneration Committee approved the appointment of Mr. V.P. Mafatlal (who was Non-Executive Promoter Director) as the Executive Chairman, designated as Chairman of the Company, for a period of 5 years from 20th August, 2016, subject to approval of the Members of the Company on the following terms and conditions:

- I. (a) Basic Salary: ₹1,08,00,000 /- p.a.
- (b) Perquisites :
 - (i) Fully furnished house or House Rent Allowance of ₹53,84,000/- per annum (subject to ceiling of 50% of annual basic salary) in lieu thereof.
 - (ii) Actual Expenditure incurred on gas, electricity, water, servants etc.
 - (iii) Medi Claim Policy, Personal Accident Insurance, Leave Travel Concession and Club Fees as per the Rules of the Company.

Perquisites shall be valued as per Income Tax Rules, wherever applicable and in absence of any such Rules, perquisites shall be valued at actual cost.

- (c) Mr. V.P. Mafatlal will be also entitled to the following:
 - i. Contribution to provident fund or annuity fund to the extent these either singly or put together, are not taxable under the Income-Tax Act, 1961 and contribution to superannuation fund.
 - ii. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
 - iii. Encashment of leave at the end of the tenure as per Rules of the Company.
- (d) Apart from remuneration, Mr. V.P. Mafatlal will be entitled to:
 - (i) Free use of the Company's car for the business of the Company with reimbursement of driver's salary.
 - (ii) Free telephone facility at residence and use of mobile phone facility.

- (iii) Reimbursement of expenses actually and properly incurred by him for the business of the Company.

- II. Commission on the annual net profits of the Company as may be decided by the Board at the end of each financial year, computed in the manner laid down in Section 198 of the Companies Act, 2013, subject to the ceiling laid down in Section 197 of the Companies Act, 2013 on the total remuneration.
- III. In case of absence or inadequacy of profits in any financial year of the Company during 20th August, 2016 – 19th August, 2019, he will be entitled to salary, perquisites and allowances as the minimum remuneration, subject to the maximum limits prescribed in Section II of Part II of Schedule V to the Companies Act, 2013. The perquisites mentioned in Para I (c) above shall not be included in the computation of the ceiling on minimum remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- IV. The Board may alter or vary the above referred terms of appointment, salary, perquisites and commission including minimum remuneration payable in such manner as the Board in its absolute discretion deems fit and is acceptable to Mr V.P. Mafatlal provided that such alterations are within the limits specified in Section 197 and Schedule V to the Companies Act, 2013 or any amendments, modifications or re-enactments thereof in force from time to time.
- V. Mr. V.P. Mafatlal shall not be liable to retire by rotation. He shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

Based on the recommendations of the Nomination and Remuneration Committee, and subject to the approval of the Members of the Company, the Board of Directors at their meeting held on 28th April, 2017 revised the remuneration of Mr. V.P. Mafatlal, w.e.f. 1st April, 2017 as under :

- a) Basic Salary ₹1,24,08,000/- p.a
- b) Fully furnished house or house rent allowance (HRA) of ₹62,00,000/- p.a. (subject to ceiling of 50% of annual basic salary) in lieu thereof.

A copy of the Letter of Appointment issued to Mr. V.P. Mafatlal, subject to approval of the Members, recording his terms of appointment for a period of 5 years from 20th August, 2016 and letter of modification dated 28th April, 2017 as referred to in the said Resolution is available for inspection by the Members at the Registered Office of the Company, during normal business hours on any working day excluding Saturday and Sunday.

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

The Board of Directors recommend passing of the Special Resolution at Item No.5 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives except Mr. V.P. Mafatlal is concerned or interested in the resolution.

In respect of Item No. 6:

In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to small investors, the split of face value of equity shares is proposed. Accordingly, the Board of Directors of the Company ("the Board") at their meeting held on 28th April, 2017, considered it desirable to recommend the sub-division of 3,50,00,000 Equity Shares of ₹10/- each in the Authorised Share Capital of the Company into 17,50,00,000 Equity Shares of ₹2/- each, subject to approval of the Members and such other authorities as may be necessary.

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, except to the extent of their shareholding in the Company.

In respect of Item No.7:

The proposed sub-division of the face value of the equity shares of the Company of ₹10/- each into denomination of ₹2/- each as provided in the resolution at item No. 6 requires amendment to Clause V of the Memorandum of Association of the Company. The amendment or alteration in the Capital Clause (Clause V) in Memorandum of Association requires passing of a resolution in the General Meeting as provided in Section 61(1)(d) of the Companies Act, 2013.

The Board of Directors recommend passing of the Ordinary Resolution at Item No. 7 of the Notice.

None of the Directors, key managerial personnel and/or their relatives is concerned or interested in the Resolution, except to the extent of their shareholding in the Company.

In respect of Item Nos. 8 & 9:

The employees of the company play a critical and important role in the growth of every company. In order to ensure alignment of employees interest in the growth of the company and to reward them in a suitable manner, the company had introduced Employees Stock Option Scheme in 2007.

It is now proposed to adopt new Employee Stock Option Scheme under the SEBI (Share Based Employee Benefits) Regulations 2014 ("SEBI Regulations") for the purposes of granting options to the eligible Employees/Directors of the Company and its subsidiaries, as applicable.

The Resolutions contained at Item Nos. 8 and 9 seek to obtain the Members' approval to authorise the Board of Directors of the Company to create, issue, offer and allot equity shares, from time to time, to eligible employees/Directors of the Company and its subsidiaries (Present & future) under this Scheme.

As per Regulation 6 and Regulation 14 of the SEBI Regulations, the key details of the aforesaid Scheme are set out below:

a. Brief description of the Scheme

The objective of the Employee Stock Option Scheme is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and reward talent and performance in the organisation. The Company views employee stock options as instruments that would enable the Employees to share the value they would create and contribute for the Company in the years to come.

b. Total number of options to be granted

Each Option would entitle an employee to acquire one equity share of the Company. The Nomination & Remuneration Committee ("NRC") shall determine the Options to be granted to the employees of the Company and its subsidiaries, as applicable, under an ESOS. However, allotment of such number of

equity shares pursuant to exercise of the Options by employees, shall not exceed in aggregate 5% of the issued and paid up capital of the Company from time to time.

c. Identification of classes of employees entitled to participate and be beneficiaries in the Scheme

All the employees and Directors, as defined under the SEBI Regulations, of the Company and its subsidiary companies (Present & future), as applicable, whether working in India or outside India, will be entitled to participate in ESOSs, subject to fulfilment of such eligibility criteria(s) as may be specified in the SEBI Regulations and/or as may be determined by NRC from time to time.

The appraisal process for determining the eligibility of the employee will be specified by the NRC in its absolute discretion, and may be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the NRC at its sole discretion. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

d. Requirements of vesting and period of vesting

The vesting of an option would also be subject to the terms and conditions as may be stipulated by the NRC from time to time including but not limited to satisfactory performance of the employees, their continued employment with the Company/its subsidiaries, as applicable. The vesting period shall commence any time after the expiry of one year from the date of the grant of the options to the employee and shall end over a maximum period of 5 years from the date of the grant of the options. The options could vest in tranches. The number of stock options and terms of the same made available to employees (including the vesting period) could vary at the discretion of the NRC.

e. Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options shall be vested

Five years from the date of the grant.

f. Exercise price or pricing formula

The exercise price shall be as decided by the NRC and shall not be less than the face value per share per option.

g. Exercise period and process of exercise

The Employee Stock Options granted shall be capable of being exercised immediately on vesting within 10 years from the date of Grant. The options cancelled or lapsed without being exercised shall be available for further grant under any Employee Stock Option Scheme of the Company.

The Option Grantee may, at any time during the Exercise Period, and subject to fulfilment of conditions of Vesting, exercise the Options by submitting Exercise Application to the Company accompanied by payment of an amount equivalent to the Exercise Price and applicable tax amount, in respect of such Shares. The Exercise Application shall be in such form as may be prescribed in this regard and the NRC may determine the procedure for Exercise from time to time.

h. The appraisal process for determining the eligibility of employees for the Scheme

The specific Employees to whom the Options would be Granted and their eligibility criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the NRC, at its absolute discretion. This power of NRC can be delegated by NRC to any official of the Company.

i. Maximum number of options to be issued per employee and in aggregate

The number of options that may be granted to employees under the Scheme shall be determined by the Board/ Committee thereof from time to time in compliance with the applicable regulations. In aggregate, ESOS can be granted not exceeding 5% of the issued & paid up capital of the Company from time to time.

j. Maximum quantum of benefits to be provided per employee under a Scheme

As per applicable SEBI Regulations.

k. Whether the Scheme is to be implemented and administered directly by the Company or through a trust

Scheme is to be implemented and administered directly by the Company.

- l. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both**

Scheme involves new issue of shares by the Company.

- m. The amount of loan to be provided for implementation of the Scheme by the company to the trust, its tenure, utilisation, repayment terms, etc.**

NIL

- n. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Scheme**

Not Applicable

- o. A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15**

The Company shall comply with the accounting policies specified in the requirements on the guidance note on accounting for employees share based payments ('Guidance Note') or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including disclosure requirements prescribed therein.

- p. The method which the Company shall use to value its options**

The Company shall follow the 'fair value' method for computing the compensation cost for the Options Granted.

In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share of the company shall also be disclosed in the Directors' report.

It will be disclosed in the Boards' Report, when applicable

- q. Listing of shares**

Subject to the approval of the Stock Exchanges the relevant equity shares issued and allotted on exercise

of the Options shall be listed on the Stock Exchanges on which the securities of the Company are listed.

Pursuant to the SEBI Regulations, a separate resolution is required to be passed, if the grant of Option is made to the employees/Directors of subsidiaries. Accordingly, Special Resolution at Sr. No. 9 is proposed.

The Board of Directors accordingly recommend passing of the Special Resolutions at item nos. 8 & 9 of the Notice.

The Directors, KMPs or their relatives may be deemed to be concerned or interested in these resolutions to the extent of the ESOPs granted to them under the Scheme and to the extent of their shareholding as Members.

In respect of Item No.10:

Section 197 of the Companies Act, 2013, inter alia, provides that, the Directors who are neither Managing Directors nor Whole-time Directors or Managers of the Company, may be paid remuneration not exceeding 1% of net profit of the company if there is a managing director or whole-time director or a manager, in addition to the fees for attending the meetings of the Board or any Committees thereof. The profit related commission payable to non-executive directors including independent directors requires approval of the members in general meeting under Section 197 of the Companies Act, 2013 and/or under Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the 15th Annual General Meeting of the Company held on 24th June, 2013, a Special Resolution was passed authorising payment of commission to Non-Executive Directors at the rate not exceeding 1% of the net profits computed in the manner laid down under the erstwhile Companies Act, 1956, for a period of 5 years commencing from 1st April, 2013.

It is proposed to authorise the payment of commission up to 1% of the net profits of the Company computed in the manner laid down in Section 197 of the Companies Act, 2013 in each year to the Non-Executive Directors of the Company for a further period of 5 years with effect from 1st April, 2018 as permissible under Section 197 of the Companies Act, 2013 and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015..

All the Non-Executive Directors including independent directors of the Company are interested in the Resolution to the extent commission is payable to them in accordance with the proposed resolution. None of the other Directors, Key Managerial Personnel and/or their relatives is concerned or interested in the resolution.

The Board of Directors recommend passing of the Ordinary Resolution at Item No. 10 of the Notice.

In respect of Item No. 11:

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, 2017, to 31st March, 2018 on a remuneration of ₹3,50,000/- (Rupees Three lacs 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. 11 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: 28th April, 2017

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

Annexure A to the Explanatory Statement

Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013 giving details in respect of appointment of Mr. V.P. Mafatlal as Executive Chairman, designated as Chairman of the Company.

I. General Information:**1. Nature of Industry:**

Chemical Industry

2. Date of commencement of Commercial Production:

The Company started its commercial production in the year 2002-03.

3. In case of new companies, expected date of commencement of activities as per object approved by financial institutions appearing in the prospectus:

N. A.

4. Financial Performance based on given indicators:
(₹ in Lacs)

	Current Year	Previous Year
Total revenue	73112	66093
Profit after Tax	13401	8647

5. Foreign Investments or Collaborations, if any:

NIL

II. Information about the appointee:**1. Background details:**

Mr. V.P. Mafatlal is B.Sc (Economics) University of Pennsylvania, Wharton School, U.S.A

2. Past remuneration:

Upto 19th August 2016, Mr. V.P. Mafatlal was Non – Executive Promoter Director of the Company and was paid sitting fees for attending the meetings of the Board of Directors and the Committees thereof and Profit based Commission. The remuneration paid to Mr. Mafatlal in the Financial Year 2015-16 was as under:

Particulars	Amount (₹ in Lacs)
Sittings fees	2.35
Commission	9.00
Total	11.35

Till 19th August, 2016 Mr. V.P. Mafatlal was executive Vice Chairman of Mafatlal Industries Limited (MIL). He was paid aggregate remuneration of ₹ 126.15 lacs from MIL

for the year 2015-16 and ₹53.22 lacs (excluding gratuity and leave encashment at the end of the tenure) for the period 1st April 2016 to 19th August 2016.

3. Recognition or award: Nil**4. Job Profile and his suitability:**

Mr. V.P. Mafatlal is a Promoter-Director and overall in-charge of the affairs of the Company. Looking at the overall exposure and rich experience of Mr. V.P. Mafatlal in diversified areas and responsibilities to be shouldered by him, it is in the interest of the Company to avail his business expertise and hence his suitability for the position.

5. Remuneration proposed :

As mentioned in Explanatory Statement.

6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin):

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

7. Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Except for the proposed remuneration, Mr. V.P. Mafatlal does not have any pecuniary relationship directly or indirectly with the Company or managerial personnel of the company.

III. Other information:

1. Reasons for inadequacy of profits : Not Applicable

2. Steps taken or proposed to be taken for improvement : Not Applicable

3. Expected increase in productivity and profits in measurable terms : Not Applicable

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	Mr. V.P. Mafatlal (DIN: 00011350)	Mr. A. K. Srivastava (DIN: 00046776)
Age	43 years	65 Years
Date of Appointment/ Re-appointment	20th August 2016	21st January, 2003
Brief Resume - Qualification	B.Sc (Economics), University of Pennsylvania, Wharton School, U.S.A	B.Sc. (Hons.) F.C.A.
Expertise in Specific Functional Areas	He is the Executive Chairman designated as Chairman of the Company. He is an industrialist having varied experience of over 20 Years in the field of Textiles and Chemicals.	Expertise of over 40 years in large corporates in the areas of finance, accounting, taxation and commerce.
Terms and Conditions of Appointment/ Re-appointment along with details of remuneration sought to be paid and last drawn remuneration	As per the Policy on Directors Appointment and Remuneration (Annexure 7 of the Annual Report)	As per the Policy on Directors Appointment and Remuneration (Annexure 7 of the Annual Report)
Directorship held in other listed entities	None	Mafatlal Industries Ltd.
Other Directorship	<ol style="list-style-type: none"> 1. Tropical Clothing Company Private Limited 2. Mafatlal Services Limited 3. Cebon Apparel Private Limited 4. Adenium Ventures Private Limited 5. Avatar Impex Private Limited 6. Aspen Impex Private Limited 7. Mafatlal Impex Private Limited 8. Manchester Organics Limited, UK 9. VAP Agricultural Products (Bombay) Pvt.Ltd. 	None
Membership / Chairmanship of Committees	Navin Fluorine International Limited Member: Stakeholders Relationship Committee Corporate Social Responsibility Committee	Navin Fluorine International Limited Member: Stakeholders Relationship Committee Mafatlal Industries Ltd. Chairman: Stakeholders Relationship Committee Member CSR Committee-Member
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	4,67,255 Equity Shares	2,200 equity shares
Number of Board Meetings Attended	8	8

By Order of the Board,

Place: Mumbai

Dated: 28th April, 2017

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

N.B. Mankad
Company Secretary