

## NOTICE

NOTICE IS HEREBY GIVEN THAT the **104th** Annual General Meeting of the Members of **Mafatlal Industries Limited** will be held on **Tuesday, the 31st day of July, 2018 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad-380 015**, to transact the following business:

### ORDINARY BUSINESS

(1) To consider and adopt the Audited Financial Statements (Standalone & Consolidated, both) for the financial year ended 31st March, 2018 including Statement of Profit & Loss for the year ended 31st March, 2018 and the Balance Sheet as at that date, the Directors' Report and the Auditor's Report thereon.

(2) To appoint a Director in place of Shri Aniruddha P Deshmukh (DIN 01389267) who retires by rotation and being eligible, offers himself for re-appointment.

(3) 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 Rules made thereunder, the appointment of M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as Auditors of the Company approved by Ordinary Resolution passed at the 103rd Annual General Meeting of the Company to hold office from the conclusion of the 103rd Annual General Meeting until the conclusion of 108th Annual General Meeting, be and is hereby ratified for the balance term and accordingly, they continue to hold office until the conclusion of the 108th 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."

### SPECIAL BUSINESS

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

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 198, and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013

including any statutory modification/s or re-enactment/s thereof, for the time being in force, approval of the members of the Company be and is hereby accorded to the payment of remuneration to Shri Aniruddha P. Deshmukh (DIN: 01389267), Managing Director & Chief Executive Officer (MD & CEO) of the Company, as mentioned in the explanatory statement (who was appointed for a period of five years w.e.f. 13th August, 2015) for his remaining term of two years i.e. from 13th August, 2018 to 12th August, 2020 notwithstanding it being in excess of the limits prescribed under the said provisions of Section 197 of the Companies Act, 2013 but subject to the maximum limits specified in Section II of Schedule V to the Companies Act, 2013 "

(5) To consider and, if thought fit, to pass with or without modification(s), 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, the payment of Remuneration of ₹6,25,000/- (Rupees Six Lakhs Twenty Five Thousand only) (plus taxes and re-imbursalment of out-of-pocket expenses incurred by them for the purpose of Audit) to Shri B. C. Desai, Cost Auditor, (Membership No. M-1077), for conducting the audit of Cost Accounting Records relating to the products 'Textiles' manufactured and traded by the Company for the year 1st April 2018 to 31st March 2019 be and is hereby approved and ratified."

(6) To consider and, if thought fit, to pass with or without modification(s), 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	No. of shares held in the Company as of date i.e. 3rd May, 2018
1	Shri Vishad Padmanabh Mafatlal	0
2	Smt Rupal Vishad Mafatlal	0
3	Milap Texchem Pvt Ltd	0
4	Pamil Investments Pvt Ltd	0
5	Mafatlal Exim Private Limited	0
6	Mafatlal Impex Private Limited	0
7	Navin Fluorine International Limited (NFIL)	386332

**“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 authorized 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”.

By Order of the Board  
For Mafatlal Industries Limited

Place: Mumbai  
Dated: 3rd May, 2018

**Ashish A. Karanji**  
CompanySecretary

**Regd. Office:**

Mafatlal Industries Limited (CIN L17110GJ1913PLC000035)  
301-302, Heritage Horizon, 3rd Floor, Off: C G Road,  
Navrangpura, Ahmedabad 380009.Tel: 079 – 26444404-  
06 Fax: 079 26444403, Email: ahmedabad@mafatlals.com  
Website: www.mafatlals.com

**NOTES**

- 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 the 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.
- The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item Nos. 4 to 6 mentioned in the above Notice, is annexed hereto marked as Annexure I to this notice.
- The Register of Members and the Share Transfer Books of the Company will remain closed from **Wednesday, 25th July, 2018 to Tuesday, 31st July, 2018 (both days inclusive) for the purpose of annual closing and Annual General Meeting.**
- Members are requested to note that pursuant to the provisions of Section 124 of the Companies Act, 2013 the dividend remaining unclaimed / unpaid for a period of seven years from the relevant date shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The details of the Members, who have not encashed their dividend warrants for earlier years, are available under the ‘Financials’ section on the Website of the Company viz. www.mafatlals.com. Members who have not encashed their dividend warrants of earlier year/s are advised to write to the Company immediately claiming their dividends declared by the Company.**
- 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.
- 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 the relevant details are being sent to all the Members along with Notice.

7. Pursuant to the Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the requisite information with respect to the Director seeking appointment/re-appointment is annexed hereto and marked as **Annexure II** to this notice.

#### **ANNEXURE I 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 Items of Special Business mentioned at Sr. No.4 to 6 of the Notice dated 3rd May, 2018.

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

The Board of Directors of the Company appointed Shri Aniruddha P. Deshmukh as the Managing Director & Chief Executive Officer of the Company for a period of five years with effect from 13th August 2015. The Shareholders by special resolution approved his appointment and remuneration for the said period of five years at 102nd Annual General Meeting held on 11th August, 2016. As per the said special resolution, the Board of Directors of the Company was authorised to amend, alter or vary in any manner, the terms and conditions of the said appointment (Including remuneration) subject to the provisions of the Companies Act, 2013 and as may be agreed between the Board of Directors and Shri Aniruddha P Deshmukh. It was also resolved that in the event of absence or inadequacy of profits of the Company he be paid the said remuneration as minimum remuneration subject to the terms and upto the maximum limits prescribed under Schedule V to the Companies Act, 2013. As provided in the provisions of the said schedule V, authorization under the said special resolution to pay the said remuneration as minimum remuneration in the event of inadequacy of profits is valid for a period not exceeding three years. Accordingly, the said term of three years for payment of remuneration in case of absence of profits is expiring on 12th August, 2018 and hence the special resolution is proposed for the consideration of members of the Company for their approval for payment of remuneration for remaining term of two years until 12th August, 2020.

#### **The terms of remuneration of Shri Aniruddha P Deshmukh w. e. f. 13th August, 2015 was as follows:**

I (a) Basic Salary: ₹ 90,00,000/- per annum i.e. ₹ 7.5 lacs per month or such higher amount as may be decided by the Board of Directors from time to time.

(b) Perquisites & Allowances, the aggregate monetary value of which shall not exceed ₹ 34,74,700/- per annum. These perquisites and allowances would be in addition to the items mentioned in clause "c", "d" and "e" below:

(c) Perquisites:

i. Fully furnished house or house rent not exceeding ₹ 45,00,000/- per annum in lieu thereof;

ii. Mediclaim Policy, Personal Accident Insurance, Leave Travel Concession and Club Fees as per the rules of the Company.

Perquisites will be valued as per the Income Tax Rules, wherever applicable, and in the absence of such Rules, the perquisites will be valued at the actual cost to the Company.

(d) Payments and Provisions which shall not be included in the computation of remuneration or perquisites as aforesaid, subject to the provisions of Schedule V to the Companies Act, 2013:

i. Contribution to provident fund, or superannuation fund or Annuity fund to the extent these, either singly or together are not taxable under the Income Tax Act, 1961

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.

(e) Apart from remuneration, Shri Aniruddha P. Deshmukh 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, up to 1% of net profit of the Company at the discretion of the Board, at the end of each financial year, computed in the manner laid down in the provisions of Section 198 of the Companies Act, 2013 or performance linked incentives in lieu thereof subject to the ceiling laid down in Section 197 of the Companies Act, 2013

on total remuneration. Further that the amount of such commission or performance linked incentives shall not exceed the amount equal to 2 (Two) times of the annual basic salary.

- III. In case of absence or inadequacy of profits in any financial year of the Company, Shri Aniruddha Deshmukh will be entitled to salary, perquisites, and other 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 (d) 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.

Thereafter, as authorised by the special resolution passed at the 102nd Annual General Meeting, the Board of Directors of the Company at their meeting held on 25th October, 2016 has, based on the recommendation of the Nomination & Remuneration Committee made on 25th October, 2016, approved revision in remuneration w.e.f. 1st October, 2016 as under:

- I
- (a) Basic Salary: ₹ 98, 00,004/- p .a.
  - (b) Allowances, the aggregate monetary value of which shall not exceed ₹ 85,72,512/- p.a. These perquisites and allowances would be in addition to the items mentioned in clause “c”, “d “and “e” below:
  - (c) Perquisites:
    - i. Fully furnished house or house rent not exceeding ₹ 49,00,008/- p.a. in lieu thereof;
    - ii. Medi Claim Policy, Personal Accident Insurance, Leave Travel Concession and Club Fees as per the rules of the Company.  
Perquisites will be valued as per the Income Tax Rules, wherever applicable, and in the absence of such Rules, the perquisites will be valued at the actual cost to the Company.
  - (d) Payments, Provisions & Entitlements in terms of Contribution to Provident Fund, Superannuation Fund /Annuity Fund, Gratuity and other benefits will be as per the Rules of the Company.
  - (e) Apart from remuneration, Shri Aniruddha P Deshmukh will be entitled to:
    - i. Free use of 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, up to 1% of net profit of the Company at the discretion of the Board, at the end of each financial year, computed in the manner laid down in the provisions of Section 198 of the Companies Act, 2013 OR performance linked incentives in lieu thereof subject to the ceiling laid down in Section 197 of the Companies Act, 2013 on total remuneration. Further that the amount of such commission or performance linked incentives shall not exceed the amount equal to 2 (Two) times of the annual basic salary.

- III. In case of absence or inadequacy of profits in any financial year of the Company, Shri Aniruddha P Deshmukh will be entitled to salary, perquisites, and other allowances as the minimum remuneration subject to the maximum limits and conditions prescribed in Schedule V to the Companies Act, 2013. The following payments/provisions shall not be included in the computation of remuneration or perquisites in terms of the provisions of Schedule V to the Companies Act, 2013 to the extents of:

- i. Contribution to provident fund, or superannuation fund or Annuity fund to the extent these, either singly or together are not taxable under the Income Tax Act, 1961
- 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 with liberty and authority to the Board of Directors of the Company to amend, alter or vary in any manner, the terms and conditions of said appointment or applicable agreement from time to time as may be permitted under the provisions of the Companies Act, 2013 or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Shri Aniruddha P Deshmukh.”

The Board of Directors of the Company at their meeting held on 3rd May, 2018 based on the recommendation of the Nomination & Remuneration Committee Meeting held prior thereto, approved (subject to the approval of the

members of the Company) the payment of remuneration for a further term of two years until 12th August, 2020 on the said last remuneration approved by Board as minimum remuneration even in the event of absence of or inadequacy of profits of the Company subject to the maximum ceiling prescribed in Schedule V to the Companies Act, 2013

It may be noted that Shri Aniruddha P. Deshmukh has not been paid any commission/bonus based on the profitability of the Company for any time during his tenure. The further details as required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed hereto and marked as Annexure II to this notice is also part of this explanatory statement and this notice.

Having regard to the qualifications, experience, expertise and the contribution made by Shri Aniruddha P Deshmukh, the Board recommends for the approval by the members of the Company by way of special resolution for payment of said remuneration for the remaining term of two years as mentioned hereinabove.

Copies of the resolutions passed by the Nomination and Remuneration Committee and also the Board of Directors as mentioned hereinabove are available for inspection by the Members at the Registered Office of the Company during working hours on all working days (Monday-Friday) except holidays up to the date of this ensuing Annual General Meeting.

None of the other Directors or Key Managerial Personnel and/or their relatives is concerned or interested in the Resolution except Shri Aniruddha P. Deshmukh.

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

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 Textiles Products manufactured by the Company. Based on the recommendation of the Audit Committee, the Board of Directors have appointed Shri B. C. Desai as the Cost Auditor for conducting the audit of Cost Accounting Records maintained by the Textiles Unit of the Company at Nadiad, Denim Unit of the Company at Navsari and the Marketing Services Division of the Company at Mumbai relating to the 'Textiles' product manufactured and traded by the Company for the year 1st April, 2018 to 31st March, 2019 on a proposed remuneration of ₹6,25,000/- plus taxes and re- imbursement of out of pocket expenses incurred for the purpose of audit.

None of the Directors, Key Managerial Personnel and/or their relatives is concerned or interested in the resolution. The Board

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

#### **In respect of Item No. 6:**

As reported to the shareholders in the Directors Report for the year 2016-17, Shri H. A. Mafatlal, Shri V P Mafatlal, their family members, family trusts and the Companies within their control including the three listed entities viz. the Company, Navin Fluorine International Limited (NFIL) and NOCIL Ltd. (NOCIL) entered into an agreement to amicably restructure the shareholding of the said listed entities and other companies in such a way that the Management of the Company and NOCIL reside with Shri H A Mafatlal and the Management of NFIL reside with Shri V P Mafatlal. The said restructuring is a part of family settlement and succession plan between the promoters.

Pursuant to the said arrangement, in August 2016, Shri H A Mafatlal stepped aside as the Executive Chairman and Director of NFIL. Thereupon, Shri V P Mafatlal (who was then a Non-Executive Promoter Director of NFIL) was appointed as the Executive Chairman of NFIL. Besides, Shri V P Mafatlal resigned as Executive Vice-Chairman (whole time director) of our Company.

Further, the Company has divested part of its shareholding (71,575 equity shares) in NFIL during the year 2016-17 and remaining part of its holding (1,18,389 equity shares) during 2017-18. As of date, the Company does not hold any shares in NFIL.

Subsequently, the Company received applications from the following entities (hereinafter referred to as "applicants") for reclassification of their Shareholding status from "Promoter" and "Promoter Group" to "Public".

Sr. No.	Name	No. of shares held in the Company as of date i.e. 3rd May, 2018
1	Shri Vishad Padmanabh Mafatlal	0
2	Smt Rupal Vishad Mafatlal	0
3	Milap Texchem Pvt Ltd	0
4	Pamil Investments Pvt Ltd	0
5	Mafatlal Exim Private Limited	0
6	Mafatlal Impex Private Limited	0
7	Navin Fluorine International Limited (NFIL)	386332

(NFIL applied to the Company on 5th May, 2017 and the remaining persons/entities applied to the Company on 30th April, 2018.)



The said applications were approved by the Board of Directors of our Company at the meetings held on 5th May, 2017 and 3rd May, 2018.

After obtaining approval from the members of the Company as per the special resolution proposed as aforesaid, the requisite applications seeking reclassification will be made by the Company in conformity with the applicable provisions of law. It is pertinent to note that the provisions of 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 since neither new promoters are replacing the previous promoters nor is the listed company becoming professionally managed without identifiable promoter. However, as a matter of abundant precaution, it is proposed to take the approval of the Members of the Company for the proposed reclassification.

The applications for reclassification have been made by the said applicants on the following representations and 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.

#### Annexure II to Notice

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

Name of the Director & Brief Resume	Nature of Expertise in specific functional area	Disclosure of relationship between Directors inter-se	Names of the Listed Entities in which the person holds the directorship and membership of the committees of the Board.	Shareholding of Director
Shri Aniruddha P. Deshmukh (60 years) He is a Mechanical Engineer from VNIT Nagpur and has done his Post Graduation in Business Management from IIM, Calcutta. He is appointed as Managing Director & Chief Executive Officer of the Company for a period of five years w.e.f. 13th August, 2015 subject to the approval of the shareholders	He has work experience of over 34 years in the field of Textiles marketing and Retail	Not Related to any Director or promoter at any time	He is not holding Directorship in any other Listed Company.  He does not hold any Committee membership in any Listed Company.	He is not holding any Equity Shares in the Company. However he has been granted 18000 options (ESOPs) under Mafatlal Employee Stock Option Scheme, 2017. None of the options has vested/ exercised as of date.

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 recommends passing of the Resolution at Item No.6.

None of the Directors, Key Managerial Personnel and/or their Relatives are concerned or interested in the Resolution. Shri H A Mafatlal and Shri Priyavrata H Mafatlal being relatives of Shri V P Mafatlal they may be deemed to be concerned or interested in the resolution.

By Order of the Board  
For Mafatlal Industries Limited

Place: Mumbai  
Dated: 3rd May, 2018

**Ashish A. Karanji**  
Company Secretary

#### Regd. Office:

Mafatlal Industries Limited (CIN L17110GJ1913PLC000035)  
301-302, Heritage Horizon, 3rd Floor, Off: C G Road, Navrangpura, Ahmedabad 380009. Tel: 079 – 26444404-06  
Fax: 079 26444403, Email: ahmedabad@mafatlals.com  
Website: www.mafatlals.com