



ARVIND MAFATLAL GROUP
The ethics of excellence



NOCIL LIMITED

58th Annual Report

2019-20



**FIRM STEPS.
FOCUSED APPROACH.**

WHAT'S INSIDE...

01-05

CORPORATE OVERVIEW

Firm Steps. Focused Approach.	01
Pillars of Our Focused Approach	04
Corporate Information	05

08-83

STATUTORY REPORTS

Notice	08
Summarised Financial Data	16
Directors' Report	17
Management Discussion and Analysis	53
Report on Corporate Governance	57
Business Responsibility Report	75
Information on Subsidiary Company	83

84-185

FINANCIAL STATEMENTS

Independent Auditor's Report	84
Standalone Financial Statements	92
Independent Consolidated Auditor's Report	135
Consolidated Financial Statements	142

INVESTOR INFORMATION

Current Market Capitalisation	₹ 1,741 Crores*
BSE Code	500730
NSE Symbol	NOCIL
Bloomberg Code	NOCIL:IN
AGM Date	August 28, 2020
AGM Time	3:00 pm
AGM Mode	Virtual

*As on July 31, 2020



Please find our online version at
[\[http://www.nocil.com/detail/financials/annual-report/12\]](http://www.nocil.com/detail/financials/annual-report/12)

Or simply scan to download



Disclaimer:

This document contains statements about expected future events, which are forward-looking. By their nature, forward-looking statements require the Company to make certain assumptions and are subject to inherent risks and uncertainties. Accordingly, these assumptions, may not prove to be accurate. Readers are advised that the actual future results, and events may differ from those expressed in the forward-looking statements.

FIRM STEPS. FOCUSED APPROACH.

CONSISTENT ACTIONS BRING DESIRED RESULTS.

In the landscape of a business, the only certain factor is the uncertainty of the environment it operates within. Under such circumstances, consistency of thought, purpose and actions, is what brings excellence to everything we do.

The year 2019-20 was a challenging year for the end-user and allied industries that we cater. It was also quite tepid with respect to the overall economic scenario. Despite such an adverse environment, we, at NOCIL, continued strengthening the core of our diversified offerings in the rubber chemicals space. Our focused actions towards providing 'Value for Money' products to our customers, some of whom we share decades of relationships with, strengthened our manufacturing capacities further.

OUTCOMES MIRROR ACTIONS.

So, when we targeted garnering higher volumes and reaching more geographies, we persisted on our capacity expansion plans to provide high-quality and readymade shop floor technical solutions to our prestigious customers. And thereby, gain a higher market share in the coming years. Our planning was coupled with important decisions to innovate, build, and operate our plants in a safe and environment-friendly manner, thereby enhancing stakeholder value through optimum resource utilisation.

This report is a story of the firm steps that we have continually undertaken during a tough year, through a well laid-out focused approach.



RIGHT STEPS THAT INSPIRED OUR HISTORY

Part of the eminent Arvind Mafatlal Group, NOCIL Limited is a manufacturer of an extensive variety of rubber chemicals, backed by a proficient 4 decade-rich experience. We are the largest Indian rubber chemical manufacturers.

We enjoy the distinctive quality of being one of the few dependable players in the rubber chemicals space. Our product portfolio encompasses the gamut of all the 22 varieties of rubber chemicals, making us a one-stop-shop for our customers. Our state-of-the-art facilities and technical capabilities contribute majorly towards our global recognition. Hence, giving us an edge over other players while making us reliable.

The tyre industry is the largest end-user consumer for rubber chemicals and the growth in this space largely depends on the auto industry. Against this backdrop, we enjoy the advantage of long-term business relationships with tyre majors not only across India, but also globally.



Vision

We, at NOCIL Limited, are committed to be a world-class, customer-focused, innovative organisation in the field of rubber chemicals and partner of choice to all our customers across the globe.

Wide Product Portfolio to Suit Market Requirements



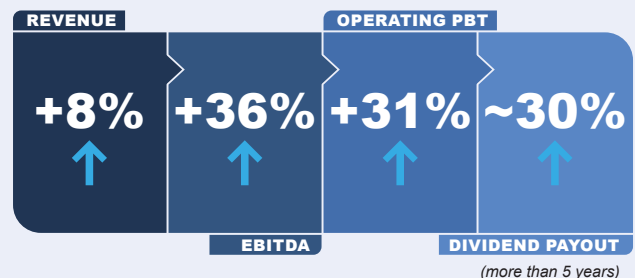
- Anti-degradants/Anti-oxidants
- Accelerators
- Pre-vulcanisation Inhibitor
- Post-vulcanisation Inhibitor

Industries Catered



- Tyres
- Moulded Components for Vehicles
- Industrial Belts
- Gloves and other latex applications
- Hoses
- Footwear
- Active Pharmaceutical Ingredients

Our Growth over the Years*



*CAGR from 2012-13 to 2019-20



FIRM STEPS. FOCUSED APPROACH.

Consistent actions aligned with long-term goals!

Every action is an opportunity of advancing closer to the ultimate goal. How we grow through the process is what determines our trajectory. This philosophy forms the nucleus of our business. Proactiveness and right timing have always given us a competitive edge. Future has always been the cornerstone of our approach. And we have carefully charted our course taking consistent firm steps to build a foundation supporting our long-term goals. Our focused approach helps us look at each day as a new opportunity of adding value. All the hurdles faced on the way, then become a way of bettering ourselves.

We believe in living in the present while gearing up for the future. This year was quite eventful and plagued by issues ranging from continued slowdown in the auto and auto components industry, to the cessation of the anti-dumping duty, to the unprecedented Covid-19 pandemic-related slowdown.

Despite these and many other industrial issues, we marched ahead on our journey, backed by firm steps and a focused approach. With our sustained growth and vision of partnering customers across the globe as our target, we continued being committed to building a world-class, customer-focused and innovative organisation.

We sustained our upward march through firm steps:

We continued pursuing expansion of our capacities and capabilities through our ₹450 Crore-Capex cycle spread over three years. We have completed the first phase of capacity expansion and the second phase is being done in a staggered manner. Our internal accruals towards the capex funding further enabled us to maintain a debt-free status. Post expansion, our aim is to increase our volume and market share not only in India, but also on the exports front through our state-of-the-art and fully automated plants. Our focused approach even amid the current unprecedented times, will further fortify our position as a dependable supplier of rubber chemicals and provide a strong operating leverage due to the scaling up of the business.

₹450 Crores

COMBINED CAPEX FOR PHASE I AND PHASE II

With our technical capabilities being recognised globally, exports contribute to about 35% to our topline currently. A 6% volume growth was also witnessed during this otherwise dull year. In line with our geographic diversification strategy, we entered newer export markets and are also witnessing higher share of enquiries. Even during the difficult times of the pandemic, we dispatched goods to meet export commitments, embodying our spirit of partnership, responsibility, and commitment towards them.

35%

CONTRIBUTIONS OF EXPORTS TO THE TOPLINE

We have always placed high emphasis on producing products that are not only less harmful to the environment, but also help reduce waste. In line with the same thought and backed by our exceptional R&D capabilities, we continued embarking on a pipeline of niche products. During the year, we maintained our focus on using innovative technologies and green chemistry strategies like 3Rs (Reduce, Reuse & Recycle) for treatment of effluents and other next-generation treatment methods.

3Rs

REDUCE, REUSE & RECYCLE STRATEGY FOR EFFLUENT TREATMENT

We have continued abiding by the principles of 'Responsible Care' for our operations. Our commitment towards supply of high-quality products through cleaner processes in a responsible manner ensures environment protection and prevention of pollution. As part of our overall philosophy, Quality, Environment, Health and Safety are accorded the highest status, which we believe are the fundamental tenets of our sustainable growth.

Responsible Care

RECEIPT OF THE RESPONSIBLE CARE CERTIFICATION
BY THE INDIAN CHEMICAL COUNCIL

The year was defined by our focus on actions and firm steps towards pursuing our goal. This could only be achieved through technological innovations, global accreditations, and customer delight. Similarly, our responsible approach towards health, safety, and environment helped us get closer to our objective of fostering sustainability and implementing ethical principles.

The receipt of the environmental award for the Dahej facility by the ICC is a humble encouragement that resonates our ethos and echoes our spirit.

Our high-quality product offerings across the entire spectrum of conventional as well as specialty rubber chemicals provides us the competitive edge. Our capacity expansion towards increasing our volumes for high-value specialty products along with cost rationalisation measures undertaken over the years, will only help increasing margins in the long run.

22

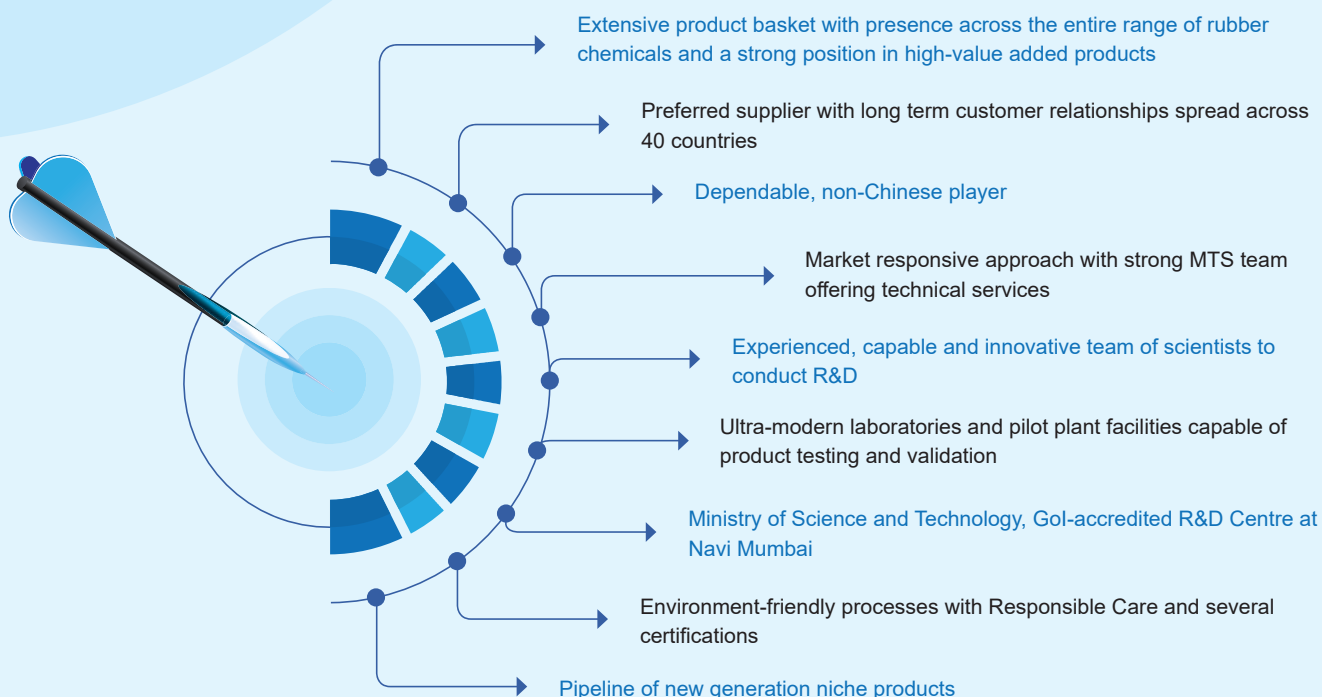
PRESENCE ACROSS THE ENTIRE RANGE
OF 22 RUBBER CHEMICALS





PILLARS OF OUR FOCUSED APPROACH

Focus determines results. But the direction of focus determines reality. With this principle at the core of our strategy, we have always built on our strengths that drive us closer to our larger business objective. These strengths are the pillars of our focused approach that help us provide the best 'Value for Money' and world-class rubber chemicals to our customers, at the most competitive prices.



STATE-OF-THE-ART AUTOMATED MANUFACTURING FACILITIES



Navi Mumbai

- ✓ Set up in 1976
- ✓ Located at Belapur's industrial zone designated for the chemical industry, about 40 kms away from Mumbai
- ✓ State-of-the-art technology to manufacture the entire range of rubber chemicals for tyre and other rubber products



Dahej

- ✓ Commenced operations in March 2013
- ✓ Located about 45 kms from Bharuch, Gujarat
- ✓ Enjoys synergistic proximity to chemicals and petrochemicals industries through excellent connectivity with Dahej and Hazira Port
- ✓ Fully automated continuous process plant developed indigenously

CERTIFICATIONS

- ✓ ISO 9001:2008
- ✓ ISO 14001:2004
- ✓ BS OHSAS 18001:2007
- ✓ ISO/IEC 17025:2005
- ✓ ISO/TS 16949:2009
- ✓ IATF
- ✓ NABL
- ✓ Responsible Care by the Indian Chemical Council

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Hrishikesh A. Mafatlal (DIN: 00009872)

Rohit Arora (DIN: 00445753)

Vilas R. Gupte (DIN: 00011330)

N. Sankar (DIN: 00007843)

C. L. Jain (DIN: 00102910) [upto June 29, 2019]

D.N. Mungale (DIN: 00007563)

P.V. Bhide (DIN: 03304262)

(Ms.) Dharmishta N. Raval (DIN: 02792246)

Debnarayan Bhattacharya (DIN: 00033553)

Priyavrata H. Mafatlal (DIN: 02433237)

Managing Director

S.R. Deo (DIN: 01122338)

COMPANY SECRETARY

Amit K. Vyas

REGISTERED OFFICE

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

CONTACT DETAILS

Telephone : +91 22 6636 4062 / 6657 6100
Fax : +91 22 6636 4060
CIN : L99999MH1961PLC012003
E-mail : investorcare@nocil.com
Website : www.nocil.com

AUDITORS

Kalyaniwalla & Mistry LLP

Chartered Accountants

SOLICITORS & ADVOCATES

Vigil Juris

PDS Legal

Veritas Legal

BANKERS

HDFC Bank Limited

AXIS Bank Limited

IDFC First Bank Limited

MANUFACTURING FACILITIES

Navi Mumbai

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

Dahej

12/A/1 & 13/B/1, Dahej Indl. Estate,
Village Ambheta, Tal. Vagra,
Dist. Bharuch - 392 130.
Gujarat

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 21, 2020 to Friday, August 28, 2020.
2. Pursuant to the provisions of Regulation 40 (1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended, w. e. f. April 1, 2019, except in case of transmission or transposition of shares, the requests for effecting the transfer of shares shall not be processed unless the shares are held in demat form with a Depository. Therefore, those shareholders who have yet not dematted their shareholding from physical to demat mode are requested to do so at the earliest.
3. The members are requested to quote their Folio Number / Client Id in all correspondence and also to notify immediately, change of address, if any, to the Registrar and Share Transfer Agents viz. KFin Technologies Pvt. Limited at the address given on this page.
4. The members desirous of getting any information about accounts and operations of the Company are requested to address their queries to the Company Secretary at least 10 days in advance of the meeting so that information required can be made readily available at the meeting.
5. Keeping in view the objective of 'Green Initiative', the Annual Reports are being sent through electronic mode to those members who have registered their e-mail addresses with their Depository Participants / or with the Company or with the Company's Registrar and Share Transfer Agents. Members who have not yet registered their e-mail addresses for receiving Annual Report, Notices and other documents in electronic mode are requested to register their e-mail address for the purpose.
6. Annual Report for Financial Year 2019-20 is being uploaded on the website of the Company viz. www.nocil.com for reference of the Members of the Company.
7. The provisions of Section 125 of the Companies Act, 2013 read together with IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 requires the companies to also transfer the Equity shares corresponding to the Dividend, which has remained unclaimed and consequently unpaid for a period of seven consecutive years or more. Members are requested to refer para on 'Transfer of Unpaid Dividend and corresponding Equity Shares to the Investor Education and Protection Fund (IEPF)' in the Directors' Report for the FY 2019-20.

REGISTRAR AND SHARE TRANSFER AGENTS

KFin Technologies Pvt. Limited

Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Telephone No. : +91 40 6716 2222
Fax no. : +91 40 2343 1551
Email : einward.ris@kfintech.com
Website : www.kfintech.com

INVESTORS' RELATION CENTRE

24 B, Rajabhadur Mansion
Ground floor Ambalal Doshi Marg
Fort, Mumbai - 400 023
Tel. No.: +91 22 6623 5454

58TH ANNUAL GENERAL MEETING

Date : August 28, 2020
Day : Friday
Time : 3.00 pm
Mode : Virtual

Important Communication to Members

The provisions of Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, permits companies to send the Annual Report and have other documents by e-mail to the shareholders. Further, due to Covid-19 pandemic and lockdown situation, various circulars have been issued by Ministry of Corporate Affairs (MCA) dated April 08, 2020, April 13, 2020 and May 05, 2020 and by Securities and Exchange Board of India (SEBI) dated May 12, 2020, wherein it is mentioned that owing to the difficulties involved in dispatching physical copies of documents to the members, such documents shall be sent through electronic means only to the registered email addresses of the members. Pursuant to such circulars issued by the authorities and to support the Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

- i) The Registrar and Share Transfer Agents Viz. Kfin Technologies Private Limited (formerly Karvy Fintech Private Limited) for shares held in physical form and;
- ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

Upon registration of e-mail address(es), the Company would send Notices / Documents including Annual Report via electronic mode.

As per the MCA Circulars and the SEBI Circular, no physical copies of the Notice of Annual General Meeting and Annual Report will be sent to any Member.

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

M/s. Kfin Technologies Private Limited (formerly Karvy Fintech Private Limited)

Unit: NOCIL Limited

Registered Office :

Selenium Bulding, Tower - B,
Plot 31 -32, Financial District,
Nanakramguda, Serilingampally, Hyderabad,
Rangareddi, Telangana – 500 032.

Investor Relations Centre:

24 B, Rajabhadur Mansion,
Ground Floor, Ambalal Doshi Marg,
Fort, Mumbai, Maharashtra– 400023.

I/We am/ are member/s of NOCIL Ltd and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended from time to time. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member -----

Joint Holder -1 -----

Joint Holder -2 -----

e-mail id for registration -----

Date -----

Signature (1st holder) -----

Regd.Folio/Client Id No. -----

Note: The registration form can be sent through email to the below mentioned email address: einward.ris@kfintech.com

Notice

NOTICE is hereby given that the FIFTY EIGHTH (58th) Annual General Meeting of the Members of NOCIL Limited (**‘the Company’**) will be held on Friday August 28, 2020 at 03.00 p.m. (IST) through Video Conferencing (**‘VC’**)/ Other Audio Visual Means (**‘OAVM’**) at Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited (Standalone and Consolidated) Statements of Profit and Loss, Cash Flow Statement of the Company for the Financial Year ended March 31, 2020 and the Balance Sheet as at March 31, 2020 and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend of ₹ 2.50/- per Equity share for the Financial Year ended March 31, 2020 declared on March 6, 2020 and to consider the same as final dividend for the Financial Year ended March 31, 2020.
3. To appoint a Director in place of Mr. Priyavrata H. Mafatlal (holding DIN: 02433237), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force), payment of Remuneration of ₹ 6.50 Lakhs (apart from reimbursement of out of pocket expenses and applicable taxes) to M/s. Kishore Bhatia & Associates, Cost Auditors, Mumbai (Registration No. 00294), who were appointed by the Board of Directors in their meeting held on June 29, 2020 for carrying out Cost Audit of the Company for the Financial Year 2020-21, be and is hereby approved and ratified.”

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

Registered Office:
Mafatlal House,
H.T. Parekh Marg,
Backbay Reclamation,
Churchgate, Mumbai 400 020.
Date: June 29, 2020

Amit K. Vyas
Company Secretary