NOCIL LIMITED

49th ANNUAL REPORT 2010 - 2011

ARVIND MAFATLAL GROUP
The ethics of excellence

CONTENTS

REGISTRAR AND SHARE TRANSFER AGENTS:

M/s. Sharepro Services (India) Pvt. Ltd.,
Unit: NOCIL Limited
13 A-B, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai – 400 072.

Tel. Nos. : 022- 67720300 / 022-67720400
Fax No. : 022-2859 1568 / 022-2850 8927
E-mail : sharepro@shareproservices.com

INVESTOR RELATIONS CENTRE

912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai – 400 021.
Tel. No. : 022-6613 4700
Fax No. : 022-2282 5484

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday 18 July 2011 to Wednesday, 27 July 2011.

2. The Shares of the Company have been brought under Compulsory dematerialization. Those shareholders who have 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. Sharepro Services (I) Pvt. Ltd. at the address given on this page.

4. The members having multiple registered folios are requested to contact the Registrar and Share Transfer Agents of the Company for the purpose of consolidation of registered folios.

5. The members are requested to inform the Company their bank account particulars/ ECS mandates for the purpose of payment of dividend, if declared, at the ensuing Annual General Meeting.

6. The members are requested to bring their copy of the Annual Report along with them and their Attendance Slip which may be submitted at the entrance duly signed.

7. The members desirous of getting any information about accounts and operations of the Company are requested to address their queries to the Company Secretary at least 10 days in advance of the meeting so that information required can be made readily available at the meeting.

49th ANNUAL GENERAL MEETING

Date : 27 July 2011

Day : Wednesday

Time : 4.00 P. M.

Place : Patkar Hall,
S.N.D.T. Women's University,
1, Nathibai Damodar Thakersey Road,
Churchgate,
Mumbai – 400 020.

CORPORATE INFORMATION

Arvind N. Mafatlal	Chairman–Emeritus

BOARD OF DIRECTORS

Hrishikesh A. Mafatlal	Chairman
Rohit Arora	
Berjis Desai	
V. R. Gupte	
C. L. Jain	
Vishad P. Mafatlal	
D. N. Mungale	
N. Sankar	
P. V. Bhide	(w.e.f. 26-10-2010)
C. R. Gupte	Managing Director

COMPANY SECRETARY

V. K. Gupte

MANAGEMENT TEAM

C. R. Gupte	Managing Director
S. R. Deo	Senior Vice President – Technical
R. M. Gadgil	Senior Vice President – Marketing
P. Srinivasan	Vice President – Finance
C.S. Inamdar	Assistant Vice President – Marketing Technical Services
C. Nandi	Assistant Vice President – Research & Development
A. Sivaraman	Assistant Vice President – Purchase
R. M. Desai	Assistant Vice President – Production and Personnel.

REGISTERED OFFICE

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

PLANT

C-37, Trans Thane Creek Industrial Area,
Off. Thane Belapur Road,
Navi Mumbai – 400 701, Maharashtra

CONTACT DETAILS

Telephone: 022-66364062 / 66576100
Fax : 022-66364060
E-mail : investorcare@nocilindia.com
Website : www.natocil.com

BANKERS

AXIS Bank Ltd.
Export-Import Bank of India
HDFC Bank Ltd.
Indian Overseas Bank

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

SOLICITORS & ADVOCATES

Vigil Juris
PDS Legal

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 stating that service of notice / documents including Annual Report can be sent by electronic mode 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 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. Sharepro Services (India) Pvt. Ltd. for shares held in physical form and;

ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

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

In case any Member opts / insists for physical copies of above documents, the same would be sent to him by post free of cost at the address registered with the Company.

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

M/s. Sharepro Services (India) Pvt. Ltd.,
Unit : NOCIL Limited
13 A-B, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East)
Mumbai – 400 072.

I/We is/ are member/s of **M/s. NOCIL Ltd.** and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs. 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. ——————————————————————————

NOTICE

NOTICE is hereby given that the **Forty Ninth Annual General Meeting** of the Members of NOCIL Limited will be held at 4.00 p.m. on Wednesday, the 27 July 2011, at Patkar Hall, New Marine Lines, Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account, Cash Flow Statement of the Company for the year ended 31 March 2011 and the Balance Sheet as at 31 March 2011 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. H.A.Mafatlal who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Rohit Arora who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Vishad P. Mafatlal who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Messrs Deloitte Haskins and Sells, Chartered Accountants, Mumbai (Registration No. 117366W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2010-11, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes."

SPECIAL BUSINESS :

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

   "**RESOLVED THAT** Mr. P.V. Bhide who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 26 October 2010 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received under section 257 of the Companies Act, 1956, a notice in writing from a member proposing his candidature for the office of Directorship of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

Registered Office :

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

Dated : 30 May 2011

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

V. K. GUPTE
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

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

2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 7 mentioned in the above Notice is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 18 July 2011 to Wednesday, the 27 July 2011 (both days inclusive).

4. The dividend for the year ended 31 March 2011 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 27 July 2011. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend, if approved, at the Annual General Meeting, will be paid at par on 1 August 2011.

5. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 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 (Fund) set up by the Central Government. Members who have so far not claimed the dividends are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amounts once credited to the said Fund.

6. **Annexure to Notice**

   Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

   Item No.7

   Mr. P. V. Bhide was appointed as an Additional Director of the company with effect from 26 October 2010. He holds office upto the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 157 of the Articles of Association of the Company.

   The Company has received a notice in writing from one of its shareholders proposing his candidature as Director with requisite deposit of Rs. 500/-.

   Mr. Bhide is B.Sc. (Hons.), LL.B., M.B.A. and I.A.S. of 1973 Batch-Andhra Pradesh Cadre.

   Mr. Bhide retired in January, 2010 as Revenue Secretary, Ministry of Finance, Govt. of India. Prior to that Mr. Bhide was Secretary, Department of Disinvestment. He has also served as Special Secretary and Additional Secretary of Ministry of Home Affairs, Govt. of India. Mr. Bhide had earlier worked as Director in the Department of Economic Affairs and was deputed to the World Bank during 1988-92 as Technical Advisor. In the State Government, he has served in various capacities including Finance Secretary and Energy Secretary. He was also Managing Director in APCO and Godavari Fertilizers & Chemicals Ltd.

The Board is of the view that Mr. Bhide's rich knowledge and experience will be of immense benefit and value to the Company and therefore recommends his appointment to the shareholders.

None of the Directors of the Company other than Mr. Bhide is deemed to be concerned or interested in this item of business.

Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting.

(In pursuance of Clause 49 of the Listing Agreement)

Mr. H. A. Mafatlal :	
Age & Qualifications	56 years, holds an Honours Degree in Commerce (1975) from the Sydenham College, Mumbai. In 1993, he attended the Advanced Management Programme (AMP) at the Harvard Business School, United States.
Expertise in Specific Functional Areas	Mr. H. A. Mafatlal is the Vice Chairman and Chief Executive of the Arvind Mafatal Group of Companies (AMG). AMG has major interests in Textiles (Mafatlal Industries Limited), Denims (Mafatlal Denim Ltd.), Rubber Chemicals (NOCIL Ltd.) and Fluorochemicals (Navin Fluourine International Ltd.). He is a past President and now a Managing Committee Member of the Millowners' Association, Mumbai (MOA). He is a Governing Council Member of the N. L. Dalmia Institute of Management Studies & Research. He was a Member on the Board of Governors of IIM Ahmedabad for 12 years (1995-2007), and a Vice-Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL). He is a Trustee of Shri Sadguru Seva Sangh Trust as well as BAIF Development Research Foundation.
Directorships held in other Companies	1. Mafatlal Industries Limited 2. Navin Fluourine International Ltd. 3. Mafatlal Services Ltd 4. Mafatlal Denim Ltd. 5. Cebon Apparel Pvt. Ltd. 6. Vibhadeep Investments & Trading Ltd. 7. Mafatlal Asset Management Co. Ltd. 8. Eyeindia.com Pvt. Ltd. 9. Techergo Solutions Ltd. 10. Tropical Clothing Co. Pvt. Ltd. 11. Mafatlal Global Apparel Ltd.
Memberships/Chairmanships of Committees of other Companies	Audit Committee : *Chairman* – Vibhadeep Investments & Trading Ltd. Investor Grievances Committee : *Member* – Mafatlal Industries Ltd. Share Transfer Committee : *Member* – Mafatlal Industries Ltd.
Number of shares held in the company	27900
Disclosure of relationship	Mr. H. A. Mafatlal is related to Mr. Vishad P. Mafatlal.
Mr. Rohit Arora :	
Age & Qualifications	52 years Fellow Member of the Institute of Chartered Accountants of India
Expertise in Specific Functional Areas	Mr. Arora has over two decades of experience in Business Process Outsourcing, Investment Banking and Management Consultancy.
Directorships held in other Companies	1. A. R.Credit Information Services Pvt. Ltd. 2. ARCIS International Pvt. Ltd. (Mauritius) 3. ARCIS E Services Pvt. Ltd. 4. Profile Estates Pvt. Ltd. 5. Silverskills Pvt. Ltd. 6. EMR International Holdings Pvt. Ltd. (Mauritius) 7. Mahle Filter Systems (India) Ltd. 8. Henkel Teroson India Ltd. 9. Baroda Pioneer Asset Management Co. Ltd. 10. Camfil Farr Air Filtration India Ltd.
Membership/Chairmanship of Committees of other Companies	Audit Committee Chairman – Baroda Pioneer Asset Management Co. Ltd.
Number of shares held in the Company	Nil
Disclosure of relationship	Mr. Rohit Arora is not related to any Director of the Company.

Mr. Vishad P. Mafatlal :	
Age & Qualifications	37 years B.Sc (Economics) from University of Pennsylvania, Wharton School, Class of 1995, Philadelphia (USA).
Expertise in Specific Functional Areas	Jt. Managing Director of Mafatlal Denim Limited and having business experience of more than 14 years in textile and chemicals.
Directorships held in other Companies	1. Mafatlal Services Ltd. 2. Mafatlal Denim Ltd. 3. Navin Fluourine International Ltd. 4. Tropical Clothing Co. Pvt. Ltd. 5. Cebon Apparel Pvt. Ltd. 6. Eyeindia.com Pvt. Ltd. 7. Techergo Solutions Ltd. 8. Mafatlal Fabrics Pvt. Ltd. 9. Sarvamangala Holdings Pvt. Ltd. 10. Myrtle Chemtex Trading Pvt. Ltd. 11. Mayflower Chemtex Trading Pvt. Ltd. 12. Mafatlal Exim Pvt. Ltd. 13. Mafatlal Impex Ltd. 14. Shripad Associates Pvt. Ltd. 15. Arvi Associates Pvt. Ltd. 16. Altamount Products & Services Pvt. Ltd. 17. Mafatlal Global Apparel Ltd. 18. Sukarma Investments Pvt. Ltd. 19. Vibhadeep Investments & Trading Ltd.
Membership/Chairmanship of Committees of other Companies	NIL
Number of shares held in the Company	400
Disclosure of relationship	Mr. Vishad P. Mafatlal is related to Mr. H. A. Mafatlal.
Mr. P. V. Bhide :	
Age & Qualifications	61 years B.Sc. (Hons), LL.B., M.B.A. I.A.S. of 1973 Batch–Andhra Pradesh Cadre
Expertise in Specific Functional Areas	Mr. Bhide retired in January, 2010 as Revenue Secretary, Ministry of Finance, Govt. of India. Prior to that Mr. Bhide was Secretary, Department of Disinvestment. He has also served as Special Secretary and Additional Secretary of Ministry of Home Affairs, Govt. of India. Mr. Bhide had earlier worked as Director in the Department of Economic Affairs and was deputed to the World Bank during 1988-92 as Technical Advisor. In the State Government, he has served in various capacities including Finance Secretary and Energy Secretary. He was also Managing Director in APCO and Godavari Fertilizers & Chemicals Ltd.
Directorships held in other Companies	1. Glaxo Smithkline Pharmaceuticals Ltd. 2. L & T Finance Ltd. 3. Heidelberg Cement India Ltd. 4. Tube Investments of India Ltd. 5. L & T Finance Holdings Ltd. 6. BILT Papers Plc. U.K. 7. A.P.I.D.C. Venture Capital Pvt. Ltd.
Memberships / Chairmanships of Committees of other Companies	Investors Grievances Committee – Glaxo Smithkline Pharmaceuticals Ltd. Sr. Management Review Committee – Glaxo Smithkline Pharmaceuticals Ltd
Number of shares held in the company	NIL
Disclosure of relationship	Mr. P. V. Bhide is not related to any Director of the Company.

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

Registered Office :

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

Dated : 30 May 2011

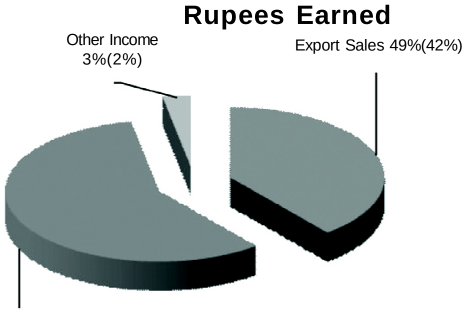
V. K. GUPTE
Company Secretary

(` in lakhs)

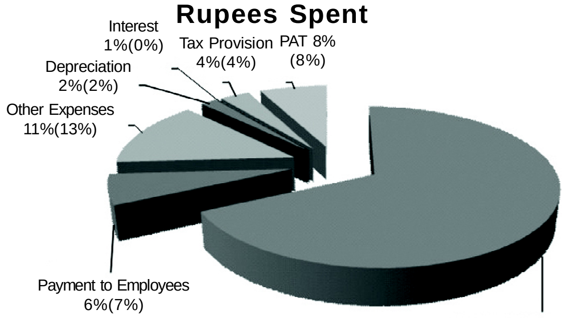
SUMMARISED FINANCIAL DATA

Sr.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
	PROFIT & LOSS ACCOUNT					
1.	Total Income	32654.94	38988.49	47869.92	44607.69	46210.84
2.	Profit before Depreciation, Interest and Tax	4210.90	2531.57	6619.33	5790.37	5612.13
3.	Interest	31.41	109.99	398.38	14.73	12.45
4.	Depreciation	654.05	761.01	805.93	762.53	798.51
5.	Profit before Tax from Operations	3525.44	1660.57	5415.02	5013.11	4801.17
6.	Exceptional Items	0.00	0.00	0.00	0.00	0.00
7.	Profit before Tax	3525.44	1660.57	5415.02	5013.11	4801.17
8.	Profit after Tax	2435.34	1120.75	3616.14	3402.68	3331.81
9.	Earning per share (EPS) `	1.51	0.70	2.25	2.12	2.07
10.	Dividend (` per Share)	0.50	0.50	0.60	0.60	0.60
	BALANCE SHEET					
11.	Net Fixed Assets	17763.28	17449.17	10456.30	10300.46	12408.71
12.	Investments	1503.31	1444.31	2483.13	2483.13	2483.13
13.	Net Current Assets	14775.86	19144.80	18704.50	19850.14	18209.88
14.	Borrowings	19.94	4097.22	3148.23	1671.07	0.00
15.	Share Capital	16078.70	16078.70	16078.70	16078.70	16078.70
16.	Reserves and Surplus	7774.95	7955.13	10442.61	12716.62	14927.20
17.	Total Net Worth	23853.65	24033.83	26521.31	28795.32	31005.90
18.	Deferred Tax Liability/(Deferred Tax Asset)	912.13	1444.69	1974.39	2167.35	2095.82
19.	Book Value per Equity Share (`) (17/no of shares) (Face value- ` 10 per share)	14.84	14.95	16.49	17.91	19.28
20.	Debt / Equity Ratio (14/17)	0.00	0.17	0.12	0.06	0.00
21.	Operating EBIDTA (%) (2/1)	13%	6%	14%	13%	12%
22.	Profit before Tax from Operations (%) (5/1)	11%	4%	11%	11%	10%
23.	Return on Net Worth (%) (5/17)	15%	7%	20%	17%	15%
24.	Return on Capital Employed (%) {2/(11+12+13)}	12%	7%	21%	18%	17%

Rupees Earned



Rupees Spent



(Figures in brackets indicate previous year)

DIRECTORS' REPORT

Dear Members,

Your Directors present their Report together with the Audited Accounts of the Company for the year ended 31 March 2011.

FINANCIAL RESULTS :		(` in Crore)
Particulars	**For the year ended 31 March 2011**	**For the year ended 31 March 2010**
Profit before Depreciation, Interest and Taxation	56.12	57.91
Less : Depreciation	7.99	7.63
Less : Interest	0.12	0.15
Profit before Tax	48.01	50.13
Provision for Taxation (including wealth tax and fringe benefit tax)	14.69	16.10
Profit after Tax	33.32	34.03
(Deficit) / Surplus brought from previous period	43.86	21.12
Proposed Dividend	9.65	9.65
Tax on Dividend	1.57	1.64
Balance carried to Balance Sheet	65.96	43.86

PERFORMANCE OF THE COMPANY

The turnover of your Company for the year under review was `480 crore as compared to ` 460 crore, representing an increase of about 4.50% over the previous year. The production of rubber chemicals and their intermediates was 38264 MT for the year under review as against 36697 MT, representing an increase of about 4% as compared to the previous year.

During the year 2010-11, your company witnessed relatively stable business conditions in the first half of the year. However, right from the beginning of the second half, prices of most of its inputs started hardening on the back of surge in the crude oil price as well as the prices of various derivatives of crude oil.

During the year, the Sales volumes in the Domestic segment witnessed a growth of 5% as compared to the previous year. This was despite the fact that many small Non-Tyre Rubber units were forced to cut back on production and had to curtail their business operations during the year on account of the huge surge witnessed in the price of Natural Rubber. This resulted in either no growth or very small growth in some of our Non-Tyre market segments. At the same time, we also continue to face very aggressive competition from the dumped Imports of Rubber Chemicals into India. Whilst we endeavored to maintain the selling prices for most part of the year, margins remained under significant pressure due to the continued dumping of the products.

In order to be able to participate in the large domestic demand which we have not been able to access on account of the dumped imports, we, during the year, initiated a Mid Term Anti Dumping Petition on Imports sourced from Korea and also a Safeguards Petition for one of the main products of your Company. The concerned Authorities have accepted our petitions and have already initiated investigations in this connection. Both these matters are currently at an advance stage of completion and their final findings are due shortly. We are hopeful of getting some relief in these cases which should help us in improving our capacity utilization and market share for the said product.

The Antidumping authorities have also concluded their proceedings of the Sunset review for some of the products of your company on which Anti-Dumping Duties had been imposed five years ago. We are happy to inform you that the authorities have recommended continuation of the said anti dumping duties on some products for a further period of 5 years. However, duty has been withdrawn on one product from one source. The final customs notification to this effect is yet to be issued.

As stated earlier, our input prices rose sharply as a result of rising Crude and other feedstock prices. We are happy to inform you that despite the cost increases, through a combination of timely booking of orders at best possible prices, better management of various operational parameters, coupled with optimization of utilities management, the margins for the year remained more or less at the similar level of the previous year.

We are happy to inform you that, after evaluating your Company's overall performance, the Credit Rating Agency, CARE has improved our Credit Rating for Short term borrowings from PR 2+ to PR 1, while retaining the rating at A for Long Term borrowings.

EXPORTS

During the year under review, your Company continued to export significant volumes in view of inadequate demand for the product in the domestic market as a consequence of aggressive dumping of a number of rubber chemicals in the Country. The exports at `181 crore were marginally lower than `186 crore in the previous year. The export volumes though were marginally higher by about 1% as compared to the previous year. The reduction in value is mainly due to a combination of product mix and appreciation of Indian Rupee. Your Company hopes to optimize its export and local presence in future once the company is adequately protected against dumping of its product.

The continued news about the not so healthy economic situation in the western world and Japan has also come in the way of our increasing export volumes beyond the levels existing before the recession of 2008-09. The economic recovery in these markets continues to be fragile. We have however tapped new destinations due to which we could achieve the small growth in Sales Volumes for the year.

BUSINESS SCENARIO

Although the global economic scenario has shown some signs of improvement, we need to watch the developments in the coming year carefully.

The Rubber Chemicals market continues to remain competitive and dumping by international suppliers into India continues to be a matter of concern.

The competitors from China, the European region as well as South Korea continue to be aggressive in pricing in the Indian Market. Your company, in response to this aggressive pricing, decided not to participate in markets where the prices were at totally unrealistic levels.

Despite these problems, your Board is pleased to convey that most of the major international tyre customers continue to rely on and do healthy business with your Company for their regular requirements of rubber chemicals. Your Company enjoys good acceptance of its products with all its domestic and international customers and they in turn have accepted the status of your Company as a dependable manufacturer of rubber chemicals with very high technological capabilities.

PROJECT

During the year, the Management appointed an independent reputed agency, which is approved by Banks, to do an evaluation of Techno Commercial feasibility of its Project in Dahej. The said agency has since submitted its report thereon. Further, your Company has also concluded the financial closure for the capital Investment required for the Project, estimated at `250 Crore.

The Civil Construction of the Plant is almost at the final stages of completion. Your Company has also placed orders/contracts for delivery of most of the machineries and equipments. All major long delivery equipment orders have been released well in time to ensure their timely arrival. Most of the infrastructural work too has been completed.

The project is expected to be completed and the new plant expected to be commissioned within the next twelve months. On its successful implementation, your Company will make efforts to strengthen its position not only in terms of higher market share but also in terms of more cost effective and cleaner processes.

DIVIDEND

Your Directors are pleased to recommend payment of dividend of ` 0.60 per share of `10/- each (6%), on the equity share capital of the Company (previous year ` 0.60 per share of ` 10/- (6%). The dividend, together with the tax on Dividend, will absorb a sum of ` 11.21 crore (previous year ` 11.29 crore).

TRANSFER OF UNPAID DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of the provisions of section 205C of the Companies Act, 1956, all unpaid dividends including and up to final dividend for the F.Y. 1997-98 have been deposited with the Investor Education and Protection Fund in F.Y. 2005-06. There was no unpaid dividend which was lying unclaimed with the Company up to 31 March 2004, hence during the year amount transferred to the Investor Education and Protection Fund was Nil.

FIXED DEPOSITS

As on 31 March 2011, fixed deposits amounting to `0.11 crore have not been claimed by the depositors from the Company. The fixed deposits which have matured on or before 31 March 2004 amounting to ` 0.08 crore but remained unclaimed since then, have been transferred to Investor Education & Protection Fund, as required under Section 205C of the Companies Act, 1956.

INSURANCE

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

HEALTH, SAFETY AND ENVIRONMENT (HSE)

The company is certified for ISO 14001: 2004 (Environment Management System) and BS OHSAS 18001: 2007 (Occupational health & Safety System). Your Company's objectives of HSE are not merely to comply with the standards, for which the company is certified, but to adopt practices which are considered to be the best in the industry.

Your company has a well established policy & norms for HSE and ensures its implementation through regular training, safe attitude encouragement interactions, audits and close monitoring of environment.

All employees are trained in safety procedures, technical skills, first aid and fire fighting. A periodic review of the same is carried out to ensure that the safety practices adopted are uniform and follow the well laid out policies and procedures. Employees are also trained for handling emergencies through periodic drills.

Your company conducts pre-employment as well as regular periodic medical checkups across all employees including contractors' employees to monitor their health on regular basis.

All the environment protection and pollution abatement measures are carried out inside the company itself to ensure that all the stipulated environment norms are strictly followed. "Green Chemistry" section of R&D focuses on the environmental standard improvement. Continual improvement in the environment standard is an important aspect of your Company's business objectives.

Your Company regularly extends support towards training for fire fighting, safe handling of chemicals & medical aid to all the neighboring industries and various agencies in and around Navi Mumbai area as its corporate social responsibility.

Your Company is recognized as a benchmark in the field of HSE and it reflects the sincere commitment of the management towards Health, Safety and Environment. Your Company's management further wishes to reiterate its deep and abiding commitment towards HSE.

TOTAL QUALITY MANAGEMENT

As mentioned above, your Company continues to be certified for **"Total Quality Management System"** which comprises of ISO 9001:2008 (Quality Management Systems), ISO 14001:2004 (Environment Management Systems) and BS OHSAS 18001:2007 (Occupational Health & Safety System Standards). We are happy to mention that your Company enjoys an exemplary track record in Total Quality Management System in view of continual improvements in this area. The Quality Control Laboratory of your Company has also been certified for ISO 17025 (Quality Assurance System) which is a unique feature in this field and assures highest quality standards to all its internal and external customers.

RESEARCH & DEVELOPMENT

Your Board would like to make a special mention about the excellent work done by the R&D and Technology groups of your Company. Some of the initiatives taken in this connection by your Company are expected to yield excellent long term benefits for the organization. The expansion project in Dahej which is now under implementation is based on the processes developed in house by these groups. Your Company has also patented some of the work done by its R&D.

RISK ASSESSMENT AND MANAGEMENT

Your Company has a well defined Risk Management System in place as a part of its good Corporate Governance practices. All the risks are identified at various departmental levels and suitable mitigation measures thereafter are adopted. These are subjected to a quarterly review by the Risk Co-ordination Committee as well as the Audit Committee of your Board. Your Company has assigned the ownership of key risks to various Risk Owners and has made the concerned departments and officials responsible for mitigation plans and review of these risks from time to time.

There are adequate internal controls, systems, and checks in place, commensurate with the size of the Company and the nature of its business. The management exercises financial control on the operations through a well defined budget monitoring process and other standard operating procedures. Your Company has appointed an external professional agency to conduct the internal audit and the findings and recommendations of the Internal Auditors are placed before the Audit Committee of your Board regularly, for further corrective actions.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, has granted a general exemption from attaching Balance Sheet, Profit and Loss Statement and Schedules thereto and Reports of Board of Directors and Auditors vide its General Circular No. 2/2011 dated 8 February 2011. In view of this circular your Company has not annexed Audited Annual Accounts of its subsidiaries viz. Ensen Holdings Ltd., Urvija Investments Ltd. and PIL Chemicals Pvt. Ltd. for the year ended 31 March 2011. Your Board of Directors in their meeting held on 23 March 2011 has by resolution also given consent for not attaching the Balance Sheet of the subsidiary Companies. Shareholders interested in obtaining copies of annual reports of subsidiary companies are requested to get in touch with the Office of the Company Secretary.

We are pleased to inform you that PIL Chemicals Pvt. Ltd., a Company which was acquired by your Company continued to record Profit Before Tax in excess of `100 lakhs for the second consecutive year and has declared its maiden dividend for the year FY 2010-11.

As you are aware that there was a proposal to merge the two inoperative subsidiary companies viz. Ensen Holdings Ltd and Urvija Investments Ltd with PIL Chemicals Pvt Ltd. The subsidiary companies have filed requisite Petitions with Hon'ble Bombay High Court for approval of Scheme of Merger with effect from 1 April 2010 and the final hearing of the petition is expected to take place shortly. The financial statements of the subsidiary companies do not reflect the effect of the merger. The same will be given only on receipt of the final court order.

Pursuant to the requirements of Clause 32 of the Listing Agreement, the details of Loans / Advances made to and investments made in the subsidiaries have been furnished in Schedules forming part of the Accounts.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's interest in the Subsidiary Companies is provided separately.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are prepared by your Company in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report.

PERSONNEL

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

The Management has recently concluded a Long Term wage Agreement with its workers' Union for a period of 4 years w.e.f 1 January 2011.

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

STOCK OPTIONS

In terms of your approval read with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the details required to be provided under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, are set out in **Annexure – I** to this Report.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this Report and will be sent on demand to the shareholders. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary.

DIRECTORS

At the forthcoming Annual General Meeting, Mr. H.A.Mafatlal, Mr. Rohit Arora and Mr. Vishad P. Mafatlal will retire by rotation pursuant to Article 145 of the Articles of Association of the Company. Being eligible, they offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, we hereby state that:–

1. In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

2. The Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the profit for the year ended on that date.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Directors have prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As required under the Listing Agreement with Stock Exchanges, reports on "Corporate Governance" and "Management Discussion and Analysis" are attached and forms a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has always been in the forefront in discharging social responsibilities. You are aware that at the Annual General Meeting held on 29 July 2009, the Members gave consent to your Board of Directors to contribute from time to time, to charitable institutions or such funds etc. in terms of Section 293(1)(e) of the Companies Act, 1956, subject to a maximum of ` 15 lakhs per year. Accordingly, the Board of Directors has ensured that a significant portion of the said amount has been given to Shri Sadguru Seva Sangh Trust which has provided yeomen service to the underdeveloped districts of Madhya Pradesh, Chhatisgarh, Uttar Pradesh etc. Shri Sadguru Seva Sangh Trust is involved in providing quality and affordable education to the children of the economically weaker sections of the society, support in the field of diary farming, women empowerment and has provided relief to those affected by natural calamities and disasters and has been providing eye care for rural masses. Several recognitions have been given to the Trust by various agencies from time to time. Your Board will always remain committed in discharging its Corporate Social Responsibilities.

OTHER PARTICULARS

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in **Annexure – II** and forms a part of this Report.

AUDITORS

The term of Messrs. Deloitte Haskins and Sells, Chartered Accountants, Mumbai as Statutory Auditors, expires at the conclusion of this Annual General Meeting and are eligible for reappointment. The Audit Committee has recommended to the Board the reappointment of M/s. Deloitte Haskins and Sells, Chartered Accountants as Statutory Auditors of the Company. The Auditors have given a Certificate to the effect that the reappointment, if made, will be within the prescribed limits specified under section 224(1B) of the Companies Act,1956.

GREEN INITIATIVE

Your Directors like to draw your attention to the recent Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs allowing paperless compliances and also service of notice/documents (including annual report) through electronic mode to its members. To support this green initiative of the Central Government in full measure, we hereby appeal to all those members who have not registered their e-mail addresses so far, are requested to register their e-mail address in respect of electronic holdings with their concerned depositary participants and / or with the Company.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Mumbai
Dated : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999:

(a)	Options granted till 31-03-2011	18,23,200
(b)	The Pricing Formula	Exercise Price shall be the market price of the equity shares of the company on the previous day of the date of grant.
(c)	Options vested till 31-03-2011	2,12,550
(d)	Options Exercised	Nil
(e)	The Total number of shares arising as a result of exercise of Options.	Nil
(f)	Options Lapsed	Nil
(g)	Variation of terms of Options	None
(h)	Money realized by exercise of Options	Nil
(i)	Total number of Options in force	18,23,200
(j)	Employee-wise details of Options granted to :	
	(i) Senior Managerial personnel.	Given herein below *
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year.	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil
(k)	Diluted Earnings Per Shares (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'.	Same as basic
(l)	Impact of employee compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP.	` 97.35 lakhs
(m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	
	(i) Weighted average exercise price	` 20.60 per share
	(ii) Weighted average fair value (black scholes model)	` 10.59
(n)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	
	Variables	
	a) Risk-free rate	7.35%
	b) Expected Life	6.25 years
	c) Volatility expected	61.18%
	d) Expected Dividend	2.32%
	e) Exercise Price	`25.35, `23.40 and `20.60

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

Name	Designation	No. of Options granted
1. Mr. C. R. Gupte	Managing Director	883000
2. Mr. S. R. Deo	Senior Vice President – Technical	347400
3. Mr. R. M. Gadgil	Senior Vice President – Marketing	337400
4. Mr. P. Srinivasan	Vice President – Finance	255400
		1823200

Annexure II

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2011.

CONSERVATION OF ENERGY

Energy conservation measures taken in the year 2010-11

1. Coal fired boiler was operated at its name plate capacity throughout the year resulting into savings of `1052 Lakhs.
2. Replacement of tertiary pump in ETP by an optimum capacity submersible pump has resulted in electrical energy saving of `1.5 lakhs per annum on annualized basis.
3. Installation of energy efficient motor for PVI cooling tower pump has resulted in electrical energy saving of `1.5 lakhs per annum on annualized basis.
4. Replacement of lower efficiency filter feed pumps by high efficiency pumps in process plant (O2) has resulted in electrical energy savings of `1.1 lakhs per annum on annualized basis.
5. Installation of optimum capacity primary glycol pumps for PVI chillers has resulted in electrical energy savings of `2.29 lakhs per annum on annualized basis.
6. Replacement of a cooling tower pump (for TDQ) by a higher efficiency pump has resulted in electrical energy saving of `1.59 lakhs per annum on annualized basis.
7. Thermal energy audit and subsequent actions resulted into annualized savings of `31 Lakhs per annum.

Energy conservation measures to be taken in 2011-12

1. Replacement of liquid fuel by natural gas will result into efficiency improvement and savings of `20 Lakhs/ annum.
2. Installation of energy efficient air compressor will result into saving of `4 lakhs/annum.
3. Replacement of process pumps by energy efficient pump will result into savings of `3 Lakhs/ annum.
4. Implementation of additional condensate recovery project will save `6 lakhs/ annum.

FORM - A

Disclosure of particulars with respect to conservation of energy

A.	POWER AND FUEL CONSUMPTION			2010-11	2009-10
	1.	ELECTRICITY (FOR MANUFACTURING)			
		(a) **Purchased**			
		Unit	MWH	25025.24	25699.32
		Total amount	`Lakhs	1416.69	1380.04
		Rate/Unit (average)	`/KWH	5.66	5.37
		(b) **Own Generation**			
		(Through Diesel Generator)			
		Unit	MWH	14	6
		Unit/MT of Diesel Oil	MWH	3.52	3.85
		Fuel Cost/Unit	`/KWH	12.72	11.58
		Through Steam/Turbine Generator		NIL	NIL
	2.	COAL			
		Quantity	MT	20857.28	16033.13
		Total Cost	`Lakhs	898.93	607.66
		Average rate	`/MT	4310	3790
	3.	FURNACE OIL			
		Quantity	MT	3568.72	3820.83
		Total Cost	`Lakhs	948.44	918.73
		Average rate	`/MT	26576	24045
	4.	OTHER / INTERNAL GENERATION			
		(a) **Low Sulphur Heavy Stock (LSHS)**			
		Quantity	MT	2229.37	3828.34
		Total Cost	`Lakhs	644.21	909.39
		Average Rate	`/MT	28896	23754
		(b) **Internally Generated Fuel**			
		Quantity	TNEF	NIL	NIL
B.	CONSUMPTION PER UNIT OF PRODUCTION				
	Electricity		MWH/MT	0.76	0.82
	Fuel/LSHS		MT/MT	0.07	0.12
	Furnace Oil		MT/MT	0.11	0.12
	Coal		MT/MT	0.63	0.51

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

A. Research and Development

1. Specific areas in which R&D is carried out by the company

1. Study of existing manufacturing processes based on the data base generated on “computer controlled operations” to achieve
   - Continuous improvement in quality of products to create a benchmark in national and international market.
   - Optimization of process cycles to achieve higher production in the same set of hardware.
   - Reduction in raw material consumption by improving yields.
   - Continuous improvements in environmental standards to move towards the objectives of “green chemistry“
2. Development of new products and processes as per changing environment standards and competition to meet the current and perceived demands of the business.
3. Translating the developments into commercial ventures by conducting pilot plant studies and providing engineering data for process design
4. Patenting the developments to safeguard the interest of the organization.

2. Benefits derived as a result of R&D

1. Improvement in product quality, production rates and reduced consumption of raw materials.
2. Reduction in energy consumption due to process optimization.
3. Improvement in waste management.

3. Future plans

1. Continuous process optimization to remain competitive in the business both in terms of quality and cost.
2. Development of new products as per the emerging need of the customers
3. Development of new processes for existing product to create a long term cost advantage with a built in green chemistry approach.

4. Expenditure on R & D

(` in Lakhs)

	2010-11	2009-10
Capital	69.47	81.26
Recurring	272.52	248.48
Total	**341.99**	**329.74**
Total R&D expenditure as % to total turnover	0.71	0.72

B. TECHNOLOGY ABSORPTION

1. Efforts in brief made towards technology absorption and innovation

i) Development of new process technologies in both Laboratory and Pilot scale and collected relevant scale-up data for commercialization.

ii) Development of modified process for some of the existing products in laboratory and successful implementation in plant for better yield & quality.

iii) Focus on development of catalytic processes following Green Chemistry, in order to develop sustainable technologies.

2. Benefits derived as a result of above efforts

i) Increased batch yield and reduction in raw material consumption per ton, as well as reduction in effluent load.

ii) Reduction in utility consumption and overall improvement in process efficiency.

iii) Exploration on new areas provided advanced knowledge on new technologies.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Used		(` in crore)
i)	Raw materials, stores and spare parts, Capital goods and other products	134.85
ii)	Expenditure in foreign currency	4.88
Foreign Exchange Earned		
Export of goods on FOB basis, Commission and Service Charges.		178.08

For and on behalf of the Board of Directors

Mumbai
Dated : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

Report on Corporate Governance

Company's philosophy on Corporate Governance

The Company's policy on Corporate Governance is based on the principles of full disclosure, fairness, equity, transparency and accountability in the various aspects of its functioning, leading to the protection of the stakeholders' interest and an enduring close relationship with stakeholders. The management's commitment to these principles is reinforced through the adherence of all Corporate Governance practices embodied in the provisions of Clause 49 of the Listing Agreement. The Company has adopted the Code of Conduct and Code for Prevention of Insider Trading for the Directors and senior management personnel and same are complied with.

1. Policies and procedures

The Company's well-structured systems and procedures for conducting day-to-day functioning of various departments comprise the following:

i. The Company has adopted its accounting policies in line with the Accounting Standards and such other relevant guidelines as are prescribed by the Institute of Chartered Accountants of India.

ii. The Company possesses a well documented framework on risk management, which is subjected to a quarterly review by the concerned departments and a report on the status of the various risks identified in the framework is placed before the Board Meeting.

iii. The Personnel Policy Manual prescribes the policy on recruitment, perquisites, allowances, and benefits due to each employee of the Company.

iv. The Contract Policy formulates the procedure for placement of contracts by the various departments and contains standard terms and conditions for placement of orders on contractors.

v. The Company has issued Authority Sheets to the senior management to help them supervise the financial matters and exercise control over the expenditure incurred in its day-to-day operations.

vi. The Company places high priority on health and safety of its employees and of other persons working in its plants and gives due regard to the conservation of the environment and has declared a well defined policy on health, safety and environmental conservation.

vii. The Company follows a stringent quality policy to maintain product quality in line with the requirements of its internal and external customers.

2. Board of Directors

The Board has a Non-Executive Chairman and the number of Independent Directors is more than half of the total strength of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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

Mr. H. A. Mafatlal, Chairman and Mr. Vishad P. Mafatlal, Director belong to the promoter group and are related to each other.

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

All Directors are professionally qualified with respective expertise and experience in General Corporate Management Practice, Finance and Legal field. Mr.C. R. Gupte, Managing Director and Mr.V. R. Gupte, Director are related to each other. None of the Directors are related to each other, other than as stated above.

In order to strengthen the Board, Mr. P. V. Bhide was inducted to the Board on 26 October 2010. Mr. P. V. Bhide being an Ex-Revenue Secretary to the Ministry of Finance, Government of India brings to the table rich experience in various fields.

The broad composition of the Board of Directors and other details such as their total number of Directorship / Committee membership, shareholding in the company and attendance at the Board Meetings and at the last Annual General Meeting are as under:

Sr. No.	Name of Director	Category of Director	No. of Shares held as on 31-03-2011	No. of Board Meetings attended during FY 2010-11	No. of Directorship in Public Companies as on 31-3-2011	No. of Board Committee Membership held in Public Companies as on 31-3-2011*		Attendance at last AGM held on 30 July 2010**
						Chairman	Member	
1.	Hrishikesh A. Mafatlal	Chairman – Non-Executive Promoter Group Director	50020	6	8	1	2	Yes
2.	Vishad P. Mafatlal	Non-Executive Promoter Group Director	–	5	5	–	1	Yes
3.	Rohit Arora	Non-Executive Independent Director	–	5	5	1	2	Yes
4.	Berjis Desai	Non-Executive Independent Director	–	3	9	2	8	No
5.	V.R. Gupte	Non-Executive Director	600 #	6	2	–	2	Yes
6.	N. Sankar	Non-Executive Independent Director	–	2	4	–	2	No
7.	C.L.Jain	Non-Executive Independent Director	–	6	6	2	3	Yes
8.	D. N. Mungale	Non-Executive Independent Director	–	6	11	3	6	Yes
9.	P.V.Bhide +	Non-Executive Independent Director	–	4	6	–	1	N.A.
10.	C.R. Gupte	Managing Director	600 #	6	3	–	1	Yes

* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 25 companies and includes directorship in NOCIL Ltd.

** In accordance with Clause 49, Chairmanship / Memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee of all Public Limited Companies has been considered including that of NOCIL Ltd.

\+ Appointed as Additional Director w.e.f. 26 October 2010.

\# Shares held as Joint holders.

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

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

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

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1.	25 May 2010	9	7
2.	30 July 2010	9	7
3.	26 October 2010	10	10
4.	21 December 2010	10	6
5.	28 January 2011	10	9
6.	23 March 2011	10	10

The maximum gap between two Board Meetings held during the year was not more than 3 (three) months.

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the Notes are sent in advance to the Directors. Additional Meetings of the Board are held when deemed necessary by the Board.

The Forty Eighth Annual General Meeting was held on 30 July 2010.

Pursuant to requirements of Clause 49 of the Listing Agreement, none of the Company's Directors is a member of more than 10 Committees or Chairman of more than 5 Committees across all Companies in which he is a Director.

3. Audit Committee

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows :

a. To review compliance with internal control systems;

b. To review of the findings of the Internal Auditor relating to various functions of the Company;

c. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, Internal Control Systems, scope of audit and observations of the Auditors / Internal Auditors;

d. To review the quarterly, half yearly and annual financial results of the Company before submission to the Board;

e. To make recommendations to the Board on any matter relating to the financial management of the Company, including Statutory & Internal Audit Report;

f. Recommending the appointment of statutory auditors and branch auditors and fixation of their remuneration.

Mr. C.L.Jain is the Chairman of the Audit Committee w.e.f 25 May 2010 and was present at the Annual General Meeting held on 30 July 2010.

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

Name of Members	Category of Director	No. of Meetings attended during the year 2010-11
Mr. C. L. Jain, Chairman w.e.f. 25 May 2010	Independent, Non-Executive	4
Mr. N. Sankar	Independent, Non-Executive	1
Mr. Rohit Arora	Independent, Non-Executive	4
Mr. D. N. Mungale	Independent, Non-Executive	4
Mr. V. R. Gupte	Non-Executive	4

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

25 May 2010, 30 July 2010, 26 October 2010 and 28 January 2011.

The requisite quorum was present at the meetings.

Audit Committee Meetings are also attended by the Chairman, Managing Director, Vice President (Finance) and Company Secretary. The Company Secretary acts as the Secretary of the Audit Committee.

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

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

4. Share Transfer Committee

The present members of the Share Transfer Committee are Mr. Berjis Desai, Chairman, Mr. Hrishikesh A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte. The Committee approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding transmission of shares received from the heirs of the deceased shareholders etc. The Committee meets at least twice a month to approve the transfer requests received from the investors during the previous week to ensure prompt delivery of securities to the shareholders. The share department verifies the signature of the transferor on the transfer deed with the specimen signature registered with the Company and recommends the transfer of shares to the Committee.

5. Investors' Grievance Committee

The present members of the Committee comprises Mr. Berjis Desai, Chairman, Mr. Hrishikesh A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte. The committee meets once in every month and reviews the complaints received by the Company from its investors and the action taken by the management to sort out these complaints.

The Company received 5 complaints from shareholders in 2010-11 and all the complaints were resolved to the satisfaction of the investors.

As on 31 March 2011, there were 2 transfers and 25 Demat cases pending. These demat and transfers were processed and approved on 8 April 2011. Most of the complaints were routine in nature *i.e.* Non-receipt of Share Certificates after transfer, Issue of Duplicate Share Certificate and Transmission of shares etc.

6. Remuneration Committee

The broad terms of reference of the Remuneration Committee are as follows :

a. Appointment / re-appointment of Managing Director / Executive Director.

b. Review the performance of the Managing Director / Executive Director after considering the Company's performance.

c. Recommend to the Board remuneration including Salary, Perquisites and Performance Bonus to be paid to the Company's Managing Director / Executive Director.

d. Review of the Remuneration Policy of the company in line with market trends to attract and retain the right talent.

e. Review and approval of revision in remuneration of Senior Management Executives of the Company.

f. Grant of Employees Stock Options to Designated Employees.

The Composition of the Remuneration Committee and the details of meetings attended by the Directors are given below :

Name of Members	Category of Director	No. of Meetings attended during the year 2010-11
Mr. Rohit Arora	Independent, Non-Executive	2
Mr. N. Sankar	Independent, Non-Executive	1
Mr. D. N. Mungale	Independent, Non-Executive	2

Two meetings of the Remuneration Committee were held during the year 2010-11 on 25 May 2010 and 23 March 2011.

The Company has complied with the non-mandatory requirement of Clause 49 regarding the Remuneration Committee.

Remuneration Policy

The Company while deciding the remuneration package of the Senior Management Executives takes following points into considerations :

1. Responsibilities of the Management Staff.
2. Their Performance.
3. Employment scenario.
4. Remuneration package of the industry and
5. Remuneration package of the other industry.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. In terms of the

Shareholders' approval obtained at the Annual General Meeting held on 29 July 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board and distributed equally to NEDs.

7. Remuneration to Directors

(` in Lakhs)

Name of the Director	Salary and allowances	Perquisites	Contribution to Funds	Total
Mr. C. R. Gupte Managing Director	129.00	19.57	25.83	174.40

The Remuneration Committee in their meeting held on 25 May 2010 granted 4,63,000 Stock Options under Employees Stock Options Scheme during the FY 2010-11.

The appointment of the Managing Director is for a period of five years from 1 August 2010 and may be terminated by either party giving six months notice in writing or the Company paying six months salary in lieu thereof.

Commission / Sitting Fees to Non-Executive Directors for the financial year 2010-11 for attending Board and Committee Meetings.

(` in Lakhs)

Name of the Director	Sitting Fees	Commission	Total
Hrishikesh A. Mafatlal	0.60	3.50	4.10
Vishad P. Mafatlal	0.50	3.50	4.00
Rohit Arora	1.10	3.50	4.60
Berjis Desai	0.30	3.50	3.80
V. R. Gupte	1.00	3.50	4.50
N. Sankar	0.40	3.50	3.90
C. L. Jain	1.00	3.50	4.50
D. N. Mungale	1.20	3.50	4.70
P. V. Bhide	0.40	3.50	3.90

8. Means of communication

The Board takes on record the unaudited quarterly financial results in the format prescribed by Clause 41 of the Listing Agreement with the stock exchanges within prescribed time limit from the closure of the quarter and announces the results to all the stock exchanges where the shares of the Company are listed. The quarterly unaudited financial results are also published in the Economic Times and Maharashtra Times within 48 hours of the conclusion of the meeting of the Board in which they are approved.

I. The quarterly results are then submitted to the Statutory Auditors of the Company for a limited review and the report of the Auditors is also filed with all stock exchanges after it is approved by the Board of Directors.

II. The quarterly results are not sent to each shareholder as shareholders are intimated through press.

III. The Company's website **www.natocil.com** provides information about the Company to its existing and prospective stakeholders. The quarterly results are displayed on the Company's website along with other relevant information.

IV. In line with the Listing Agreement the Company has created a separate e-mail address viz. investorcare@nocilindia.com to receive complaints and grievances of the investors.

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

10. Compliance Officer

Mr. V. K. Gupte, General Manager-Legal and Company Secretary is the Compliance Officer of the Company.

11. General meetings

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

Financial Year	Date	Location	Time
2007 – 2008	22 July 2008	Patkar Hall, Mumbai	4.00 p.m.
2008 – 2009	29 July 2009	Patkar Hall, Mumbai	4.00 p.m.
2009 – 2010	30 July 2010	Rama Watumull Auditorium, Mumbai	4.00 p.m.

The numbers and particulars of special resolutions, which were passed in the last three Annual General Meetings, are as follows :

Date of Annual General Meeting	Nos. and particulars of special resolutions
22 July 2008	Nil
29 July 2009	1. Payment of revised remuneration to Mr. C. R. Gupte, Managing Director. 2. Payment of Commission to Non-Executive Director. 3. Modification in Employees Stock Option Scheme - 2007 4. Keeping the Register of Members, Index of Members and other related books at the new premises of the Company's Registrar and Transfer Agents viz. Sharepro Services (India) Pvt. Ltd.
30 July 2010	Nil

12. Disclosures

A. Disclosure on materially significant related party transactions *i.e.* transactions of the Company of material nature with its Promoters, Directors or the management, their subsidiaries or relatives etc. who may have potential conflict with the interests of the Company at large:

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

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

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

C. Details of compliance with mandatory requirements:

- All the mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company.

  Except constitution of Remuneration Committee the Company has not adopted other non-mandatory require-ments as specified in Annexure I D of the clause 49.

13. Declaration of compliance with the Code of Conduct /Ethics :

In compliance with SEBI's regulation on prohibition and prevention of Insider Trading, the Company has formulated a Code of Conduct for prohibition and prevention of Insider Trading for its designated employees. The code lays down Guidelines and procedures to be followed and disclosures to be made while dealing with equity share of the company.

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

14. General shareholders' information :

i) Registered Office:

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

ii) Annual General Meeting :

Date and time : 27 July 2011 at 4.00 p.m.

Venue : Patkar Hall,
S.N.D.T. Women's University
1, Nathibai Damodar Thackersey
Road, Mumbai – 400 020.

iii) Financial Year of the Company :

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

Financial reporting for FY 2011-12 (Indicative) :

Quarter ending on June 2011	: 27 July 2011
Half year ending on September 2011	: end of October 2011
Quarter ending on December 2011	: end of January 2012
Year ending on March 2012	: May 2012
Annual General Meeting (2011-12)	: July / August 2012

iv) Date of book closure :

Monday, 18 July 2011 to Wednesday, 27 July 2011 (both days inclusive)

v) Dividend Payment Date :

On 1 August 2011 (If declared at forthcoming Annual General Meeting)

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

Equity shares of the Company are listed on :

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

The Company has paid the Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Ltd for FY 2011-12.

vii) Demat information

The shares of the Company were brought under compulsory demat mode with effect from 29 May 1999. As on 31 March 2011 about 96.50**%** shareholding representing 155155001 shares of the Company has been converted into demat form. The Company has executed agreements with both NSDL and CDSL for demat of its shares.

ISIN numbers in NSDL and CDSL for equity shares	INE163A01018

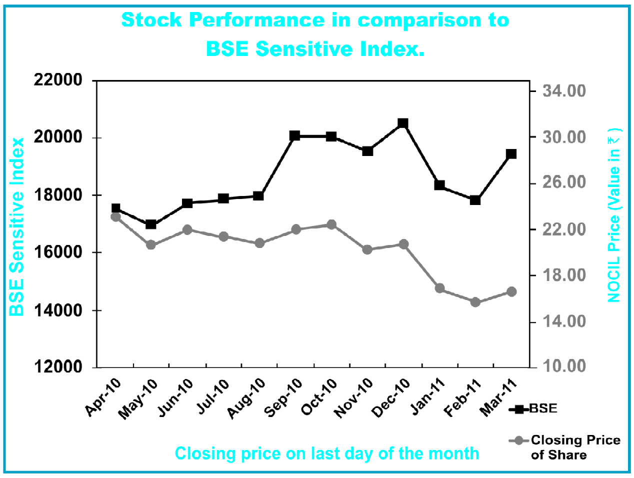
viii) Stock market data

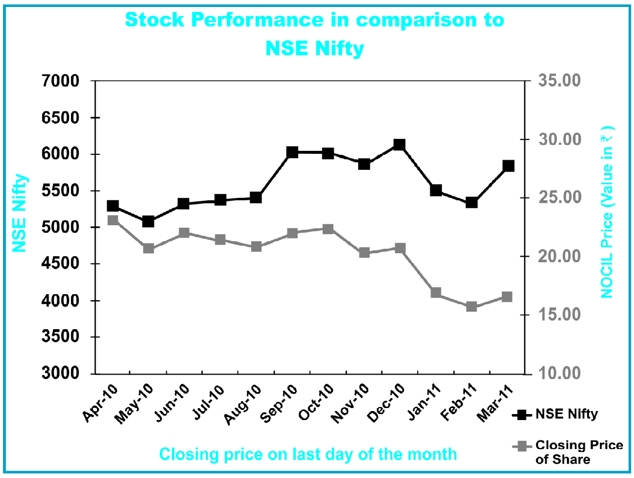
The monthly high/low quotation of shares traded on Bombay Stock Exchange and National Stock Exchange is as follows :

(Figures in `)

Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
Month	High	Low	Month	High	Low
April, 2010	24.90	22.25	April, 2010	27.60	22.25
May, 2010	23.50	19.00	May, 2010	25.00	19.55
June, 2010	22.85	20.15	June, 2010	22.95	20.15
July, 2010	24.40	21.30	July, 2010	24.35	21.35
August, 2010	23.65	20.65	August, 2010	23.65	20.70
September, 2010	22.75	20.55	September, 2010	22.80	21.00
October, 2010	26.40	22.25	October, 2010	26.30	22.20
November, 2010	26.10	19.00	November, 2010	26.00	19.05
December, 2010	21.80	18.65	December, 2010	21.90	18.60
January, 2011	21.35	16.65	January, 2011	21.35	16.50
February, 2011	17.55	14.75	February, 2011	17.60	14.65
March, 2011	18.90	15.70	March, 2011	18.90	15.50

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





x) Registrar and Transfer Agents :

Registrar and Transfer Agents for the Company. M/s. Sharepro Services has a dedicated management team comprising professionally qualified managers, headed by Mr. G.R. Rao who is a qualified Company Secretary possessing 29 years experience in handling the share transfer work. The organization has a proven track record and is committed to maintain quality of service of the highest standards. Sharepro Services has demonstrated high volume handling capacity with a commendable flexibility to quickly upgrade the capacity at a short notice.

xi) Distribution of shareholding as on 31 March 2011 :

No. of Equity shares held	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
Up to 500	117853	80.31	21748128	13.53
501 to 1000	15650	10.67	13392091	8.33
1001 to 2000	6912	4.71	10965937	6.82
2001 to 3000	2220	1.51	5817682	3.62
3001 to 4000	971	0.66	3560685	2.21
4001 to 5000	935	0.64	4540034	2.82
5001 to 10000	1275	0.87	9722706	6.05
10001 and above	924	0.63	91039717	56.62
TOTAL	**146740**	**100.00**	**160786980**	**100.00**

xii) Shareholding pattern as on 31 March 2011 :

Sr No.	Category	No. of shares held	% of shareholding
1.	Indian Promoters	52778779	32.82
2.	Mutual funds	10970	0.01
3.	Banks, financial institutions, insurance companies, etc.	8661066	5.38
4.	NRI / OCBs / FIIs	3020348	1.88
5.	Private corporate bodies	14448840	8.99
6.	Indian public	81866977	50.92
	TOTAL	**160786980**	**100.00**

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

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

xiv) Plant location : C-37, Trans Thane Creek Industrial Area,
Off Thane Belapur Road,
Navi Mumbai - 400 705.
Telephone No. : 022 - 27672735

22. Address for Investor correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend, interest and any other query relating to the shares of the Company, please write to:

Sharepro Services (India) Pvt. Ltd.,
13 A-B,Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai – 400 072.
Telephone Nos. : 022-6772 0300, 67720400
Fax Nos. : 022-28591568 / 28508927
E-mail : sharepro@shareproservices.com

Investors' Relation Centre

912, Raheja Centre, 9th floor,
Free Press Journal Road,
Nariman Point,
Mumbai – 400 021.
Telephone No. : 022-66134700
Fax No. : 022-22825484

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of amended clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2011.

Mumbai
Dated : 30 May 2011

C. R. Gupte
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of NOCIL Limited

1. We have examined the compliance of conditions of Corporate Governance by NOCIL Limited (the Company) for the year ended on 31 March 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117366W)

P. B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
Dated: 30 May 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

In the aftermath of the global financial crisis, Government of India tried to stimulate domestic demand by increasing Public expenditure. This initially helped revive growth and confidence in the economy. However, during this period some countries in Europe experienced debt crisis. This coupled with soaring commodity prices, crude oil and petroleum products prices did affect the investment sentiment in general. Moreover, the Indian economy is compelled to take suitable measures to contain the inflationary pressures, more particularly on food items as it affects a very large cross section of the society. This consequently may result in rise in input costs, interest costs etc. which ultimately may affect the overall growth in the near term.

The global economy has started showing some signs of recovery after one of the deepest global recession ever seen, though some of the signs still appear fragile. Partly, as a consequence of this pick-up, we witnessed, particularly in the 2nd half of the financial year, a steep rise in the prices of all major commodities such as oil, steel, cement etc. Most of our Raw Materials and other input prices also witnessed substantial increases.

The Indian economy, and more particularly, the Automotive and related segments continued to display stronger growth than that seen in most of the other countries across the world. It is surely heartening to note that India's Index of Industrial Production showed a growth of 10.4% for the year as a whole indicating that growth has regained its momentum. Based on this confidence, growth for the next fiscal is forecast at about 9%.

Rubber Chemicals Industry

In line with global automobile industry trends, rubber chemicals also witnessed similar buoyant demand. However, the rubber chemicals industry at the same time, also experienced stiff challenges by way of production cuts, more particularly from the Non-Tyre sector in view of the all time high Natural/Synthetic Rubber prices. In view of the recent investments in capacity expansion announced by all tyre majors in the Indian Market, the Domestic demand for rubber chemicals continued to show a healthy trend quarter over quarter. Exports volumes however remained more or less flat as compared to the previous year since many of the major markets had yet to recover fully. Your Company, through its wide range of products and well diversified customer base, managed to hold on to its margins by better management of input costs and inventories optimisation of production in line with fast-changing demand patterns.

Industry structure and developments

Your Company is engaged in the manufacture and sale of rubber chemicals and has its manufacturing facilities in the Trans Thane Creek Industrial area at Navi Mumbai, Maharashtra. In addition, the company has its wholly-owned subsidiary viz. PIL Chemicals Private Limited, having dedicated ancillary manufacturing facilities in the GIDC industrial area at Vapi, Gujarat. The Company's regional sales offices are located in Mumbai, Delhi, Chennai and Kolkata.

The products manufactured by the Company are used by the tyre industry and all other segments of the rubber-processing industry. These chemicals not only accelerate the vulcanisation of rubber, but also extend the life of rubber products.

The Company is constantly working towards achieving further improvements in the quality and technological and operational efficiencies of its products and processes. It also strives to develop new products to increase its participation in the market and enlarge its product range. The company is also, through its strong research initiatives, engaged in developing new products which would meet the environmental challenges of future.

Opportunities and threats

The Company as mentioned earlier, is continuing its progress on the development of new products and technologies and is working closely with select tyre majors towards these objectives.

The expansion project at Dahej will create a long term commercial and technological advantage for our business. To expedite the project activity and to avail of the benefits of lower cost of production, through more efficient processes and practices, all efforts are being made by the Management Team. The Company is currently in the process of implementation of the Dahej Project Phase I. After achievement of financial closure for the project, significant commitments towards the same have been made till date. The said plant at Dahej is expected to be commissioned in the next 12 months. Implementation of this project will make the company an even more important player in the market as a cost-competitive and quality manufacturer.

The presence of multiple input sources around Dahej in addition to the logistical advantage of this location will also enable the Company to mitigate the risk arising out of single-source dependence for certain raw materials. This project will give excellent opportunities to the Company to improve its operating margins for new products developed through advanced in-house technology.

The positive growth witnessed by the Indian Automobile sector from the beginning of the year, together with the recommendation for anti dumping duty on Chinese radial truck tyres will improve the Company's ability to increase its share in the domestic market with sustainable margins.

Further consolidation of company's position in the international market will also help in this direction.

On the other hand, the continuing aggressive Export-incentive policies of the Chinese Government, the inadequate revaluation of the Chinese currency and the continued dumping of unrealistically priced Rubber Chemicals from China, S. Korea and other countries into India continue to remain a matter of concern.

The volatile movement of the Rupee vis-à-vis the US dollar will affect earnings/ revenues, of the Company as most of our inputs as well as finished goods are linked to international prices and exchange rates.

Product-wise performance

Sales in the domestic market witnessed growth of about 5% over the previous year on account of healthy growth in tyre sector. The growth was limited, to an extent, on account of shrinkage in demand from the exceptionally high level of dumped imports of Rubber Chemicals and also due to production cuts by Non-Tyre segment due to its inability to absorb the unusually high Natural Rubber prices. Natural Rubber prices during the year almost doubled to levels of over ` 240/- per kg which resulted in significant drop in business operations of quite a few sectors of

Non-Tyre industry. Our Export business on the other hand has not been able to reach earlier volume - levels because of the uneven and fragile nature of the economic situation in the developed markets. However by tapping additional destinations globally, we could achieve a small growth of 1% in Sales Volumes.

On the whole, the total sales volumes showed an improvement of 3% when compared to that of the previous year. Despite severe pressures from low-priced competition, your Company managed to hold on its selling prices for most part of the year. The sustained dumping from China/Korea did affect our volumes of some of the key products and we had to align the production schedules in line with the demand from the market.

Business outlook

In view of the huge cost increases, we have made efforts to increase the selling prices from the commencement of

FY 2011-12 to mitigate the cost effect. Our efforts to tap new markets will enable us to improve our volumes for the next year. The significant expansion plans of all tyre majors are also likely to help us gain additional volumes. The company is also making concerted efforts to selectively enter newer markets internationally which were hitherto untapped or under-tapped. This will improve the marketing options for our products.

In order to be able to access a large part of the domestic demand denied to us by dumped imports, the Company made the Mid-Term Anti-dumping Petition against imports of specific rubber chemical from S. Korea and also Safeguard Petition for one of the main products of the Company. The concerned Authorities have after considering the merits of the petition, initiated proceeding on the company petitions and are currently at the final stage of their investigations. It is hoped that the Company will get some relief from the concerned Authorities which in turn will help in getting additional market share for us.

The final findings of the Sunset review of some of the products where Anti Dumping Duties had been imposed five years ago have been announced and the authorities have recommended continuation of the anti dumping duties on some of the products/ exporters under review, for a further period of 5 years. The final customs notification to this effect is expected in due course.

Overall, the market for the company's products will improve once the global economy stabilises.

Risks and concerns

The Company's risk management system identified various risks, collated at the departmental level and planned suitable mitigation measures. These are subjected to a quarterly review by a Risk Co-ordination Committee and the Audit Committee of the Board.

The Domestic Market for Rubber Chemicals has shown a positive growth in volume terms on the back of expansion plans of the Tyre Industry. The export market, especially US and Europe, too has shown some recovery. Locally, however bias Truck and Bus market, a traditional mainstay, is showing signs of weakness. Rubber chemicals imports from China, Korea and some European countries continue to impact our domestic pricing and are a matter of serious concern, particularly as they are dumped and priced at unrealistically low levels.

Consequent to increase in Crude Oil prices presently at US $ 110/barrel, prices of key inputs required for manufacture of Rubber Chemicals have started rising and this has become a major concern. The Company has been taking all the necessary steps and also entering into periodical bookings with its vendors, thereby ensuring the minimum impact of price rise.

The Company has tried adjusting its selling prices wherever and whenever possible to recover some of the input cost movements within limitations of the competitive scenario. Volatility in Rupee value also is a concern as it affects the realisation of exports proceeds. Being a net exporter, we stand to gain given the current outlook for a depreciating Rupee.

Financial performance – operational performance

Summary of financial performance of the Company is presented below :

(` In crore)

Particulars	F.Y. 2010-11	F.Y. 2009-10
Net Sales	448.59	435.99
Other Income	13.52	10.09
Total Income	**462.11**	**446.08**
Earnings Before Interest, Depreciation and Tax	56.12	57.91
Profit Before Tax	48.01	50.13
Profit after Tax	33.32	34.03

During the year under review, the Company achieved a profit before tax of ` 48.01 crore as compared to ` 50.13 crore in 2009-10. The Sales Volumes increased by 3%. The Production Volumes (including Intermediates captively consumed) increased by more than 4% as compared to the previous year. Due to consistent operational performance coupled with well managed liquidity conditions, the Company could improve its short term credit rating from PR 2+ to PR 1.

Strengthening of the rupee vis-à-vis the US Dollar has put a pressure on the export realisation of the Company; however, we have mitigated this by settling all import payments out of export earnings and covering short term export receivables when rupee depreciated.

Going forward due to the high inflationary pressures and the tight money policy (rate hikes etc) announced by the Reserve Bank of India (RBI) from time to time, the interest costs are on the rise as compared to those of the previous year. As a result, all debts will be carrying relatively higher interest costs till such time the monetary situation in the country improves. However the Company being a debt free Company as of now has not experienced any higher interest costs for the year under review.

Internal control systems

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

- Appropriate delegation of authority limits with responsibility for incurring capital and revenue expenditures.
- Approval and monitoring of annual revenue budget for all operating and service functions.
- Procedure for approval of capital budget proposals and monitoring the expenditure on such acquisitions.
- Formulating and reviewing the annual and long-term business plans.
- A comprehensive code of conduct for ensuring the integrity of financial reporting, ethical conduct, regulatory compliances and conflict of interest, if any.
- Review of the operations and financial plans in key business areas through monthly management meetings.
- Appointment of an independent consultant for conducting internal audit for reporting to the management and the Audit Committee of the Board, the adequacy and compliance with the internal controls and the efficiency and effectiveness of operations.

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

Material developments in human resources

In view of the acute shortage of skilled human resources on account of rapid growth of the service industries, the focus during the year was to support the initiatives for creating capabilities in the existing workforce and ensuring organisational confidence and employee motivation that would enable the company to face current challenges and seize future opportunities.

Regular and detailed performance appraisal system is in place to evaluate the performance of all the employees and necessary steps are taken to strengthen the areas which need improvement. The company undertakes regular training programmes for development of employee skills and also on Safety Awareness, Fire Fighting and First Aid apart from other development programmes.

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

The Company is in compliance with all regulations pertaining to Safety. The Company continues to have an excellent track record in the area of Safety. The main objective is to achieve zero accident/incident and safe working environment.

The Company had 208 management employees, including trainees, and 204 non-management employees across its locations towards the close of the financial year under review. Industrial relations remained cordial during the year. The Management also concluded the Long Term Service and wage agreement with the Internal Union of the workmen. The revised Agreement is now valid for a period of 4 years beginning 1 January 2011.

Cautionary statement

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

Auditors' Report

to the Members of NOCIL Limited

1. We have audited the attached Balance Sheet of NOCIL Limited ("the Company") as at 31 March 2011 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows :
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub - section (3C) of section 211 of the Companies Act, 1956.
   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31 March 2011 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

P. B. Pardiwalla
Partner
(Membership No. 40005)

Place : Mumbai
Dated : 30 May 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business/ activities/result, clauses (i-c), (iii), (viii), (x), (xiii), (xiv), (xv), (xvii), (xviii), (xix) and (xx) of CARO are not applicable to the Company.
2. In respect of its fixed assets :
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. In respect of its inventories:
   a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, except for inventories lying with third parties where confirmations have been received.
   b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit we have not observed any major weaknesses in such internal controls.
5. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the

Companies Act, 1956 and according to the information and explanations given to us:

a) The particulars of the contracts or arrangements referred to in section 301 that needed to be entered into the register, maintained under the said section have been so entered.

b) Where each of such transaction is in excess of Rs 5 lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

6. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.

7. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

8. According to the information and explanations given to us in respect of its statutory dues:

a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Wealth-tax, Sales-tax, Service tax, Custom duty, Excise duty, Cess, Investor Education and Protection Fund and any other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31 March 2011 on account of disputes are given below:

(` in lakhs)

Name of Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	668.99	1986 – 1988, 1990 – 1991, 1992 – 1993	Income Tax Appellate Tribunal
		2555.11	2003 – 2004	Commissioner
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Sales Tax	127.40	Various	Sales Tax Officer
		96.14	Various	Assistant Commissioner
		167.79	Various	Deputy Commissioner
		9.82	2003 – 2004	Joint Commissioner
		391.27	Various	Appellate Tribunal
		2.45	1990 – 1991	High Court
The Custom Act,1962	Custom Duty	1.64	2004 – 2005	Commissioner (Appeal)
		718.77	1998 to 2000 & 2004	CESTAT
The Central Excise Act,1944	Excise Duty	15.60	1991 – 2000, 2004 – 2005	Commissioner (Appeal)
		62.34	–1994 – 1996	Additional Commissioner
		8.30	–1995 – 1998	Deputy Commissioner
		22.88	1991 – 1992 & 1997	CEGAT

9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.

10. In our opinion the Company has maintained adequate documents and records in respect of loan granted in earlier years on the basis of security by way of pledge of shares.

11. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed in earlier year by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

12. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

P. B. Pardiwalla
Partner
(Membership No. 40005)

Place : Mumbai
Dated : 30 May 2011

BALANCE SHEET AS AT 31 MARCH 2011

(` in Lakhs)

	Schedule No.	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds :			
1. (a) Capital	1	16,078.70	16,078.70
(b) Reserves and surplus	2	14,927.20	12,716.62
		31,005.90	**28,795.32**
2. **Loan Funds :**			
Unsecured loan	3	–	1,671.07
		–	1,671.07
3. **Deferred tax liability (net) (Refer note B 8 (b) of schedule 16)**		2,095.82	2,167.35
TOTAL		**33,101.72**	**32,633.74**
APPLICATION OF FUNDS			
1. **Fixed Assets :**			
(a) Gross Block	4	16,515.88	15,920.48
(b) Less : Accumulated Depreciation		8,666.91	7,986.41
(c) Net block		7,848.97	7,934.07
(d) Capital work-in-progress		4,559.74	2,366.39
		12,408.71	10,300.46
2. **Investments**	5	2,483.13	2,483.13
3. **Current assets, Loans and Advances :**			
(a) Inventories	6	10,665.19	8,265.47
(b) Sundry debtors	7	8,667.53	8,611.38
(c) Cash and bank balances	8	4,325.28	5,030.96
(d) Loans and advances	9	5,999.24	7,643.66
		29,657.24	**29,551.47**
Less : Current Liabilities and Provisions :			
(a) Liabilities	10	8,426.68	6,553.62
(b) Provisions	11	3,020.68	3,147.70
		11,447.36	**9,701.32**
Net current assets		18,209.88	19,850.15
TOTAL		**33,101.72**	**32,633.74**
Significant Accounting Policies and notes to Financial Statements	16		

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	Schedule No.	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales (Gross)		48,045.41	45,986.09
Less : Excise duty		3,186.52	2,387.45
Sales (Net)		44,858.89	43,598.64
Other income	12	1,351.95	1,009.05
Increase in stocks of finished products and stock-in-process	13	1,651.30	313.08
		47,862.14	**44,920.77**
EXPENDITURE			
Manufacturing and other expenses	14	42,034.34	38,932.23
Purchase of trading products		215.67	198.17
Depreciation		798.51	762.53
Interest	15	12.45	14.73
		43,060.97	39,907.66
Profit before tax		**4,801.17**	**5,013.11**
Provision for Taxes (Refer note B 8 (a) of schedule 16)		1,469.36	1,610.43
Profit after tax		**3,331.81**	**3,402.68**
Profit/(Deficit) brought forward from previous years		4,385.70	2,111.69
Proposed Dividend on Equity Shares		964.72	964.72
Corporate tax on dividend		156.51	163.95
Balance carried to balance sheet		**6,596.28**	**4,385.70**
Earnings per share (Equity shares, par value of Rs. 10/- per share)			
Basic		**2.07**	**2.12**
Diluted (Refer note B 9 of schedule 16)		**2.07**	**2.12**
Significant Accounting Policies and notes to Financial Statements	16		

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**4,801.17**	**5,013.11**
Adjustments for :		
Depreciation	798.51	762.53
Obsolete fixed assets written off	67.66	38.80
Loss on sale of fixed assets (net)	0.42	5.85
Income from Long Term Investments	(139.64)	(65.38)
Interest on Deposits, Overdue receivables and others	(344.67)	(262.34)
Interest expenses	12.45	14.73
Provision for doubtful debts/advances made in previous years written back	(6.32)	(392.60)
	388.41	**101.59**
Operating profit before working capital changes	**5,189.58**	**5,114.70**
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(92.01)	756.36
Increase in inventories	(2,399.72)	(1,326.37)
Increase in trade payables	1,862.92	1,140.30
(Decrease)/Increase in provisions	(119.58)	212.83
	(748.39)	783.12
Cash generated from operations	**4,441.19**	**5,897.82**
Taxes paid	(1,858.69)	(1,222.48)
Net Cash generated from operating activities	**2,582.50**	**4,675.34**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,978.55)	(660.34)
Loans recovered	2,004.41	714.13
Sale proceeds of fixed assets	3.70	8.06
Interest received	344.67	262.34
Dividend received	139.64	65.38
Net Cash generated from/(used for) investment activities	**(486.13)**	**389.57**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of loan	(1,671.07)	(1,477.16)
Unclaimed Matured Deposits paid	(8.34)	(8.99)
Interest paid	(12.45)	(14.73)
Dividend paid	(946.25)	(943.18)
Dividend tax paid	(163.95)	(163.95)
Net Cash used in financing activities	**(2,802.06)**	**(2,608.01)**
Net (decrease) / increase in cash and cash equivalents	(705.68)	2,456.90
Opening balance of cash and cash equivalents	5,030.96	2,574.06
Closing balance of cash and cash equivalents	**4,325.28**	**5,030.96**

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
Directors

Place : Mumbai
Date : 30 May 2011

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2011

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
1,200,000,000 Equity shares of ` 10 each	120,000.00	120,000.00
Issued and subscribed :		
160,786,980 Equity shares of ` 10 each, fully paid-up	16,078.70	16,078.70

Notes : of the above :

(a) 97,302,850 shares allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve and Share Premium Account

(b) 13,302,850 shares allotted to the shareholders of Polyolefins Industries Limited pursuant to the scheme of amalgamation without payment in cash.

(c) 38,181,280 shares allotted to erstwhile Secured Lenders without payment in cash in terms of the scheme of arrangement approved by the Bombay High Court.

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 2 : RESERVES AND SURPLUS :		
1. Capital Reserve :		
Balance at the commencement of the year	15.29	15.29
2. Share Premium Account :		
Balance at the commencement of the year	450.92	450.92
3. General Reserve :		
Balance at the commencement of the year	4,864.71	4,864.71
4. Surplus in Profit and Loss Account	6,596.28	4,385.70
5. Reserve for Contingency: (Refer note no B 4 of Schedule 16)		
Balance at the commencement of the year	3,000.00	3,000.00
TOTAL	**14,927.20**	**12,716.62**
SCHEDULE 3 : UNSECURED LOAN:		
Short Term Loans - Others		
Term loan from a financial institution	–	1,671.07
TOTAL	**–**	**1,671.07**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2011 *(Contd...)*

SCHEDULE 4: FIXED ASSETS

(` in Lakhs)

	Tangible Assets						Intangible Asset		
PARTICULARS	**Land Leasehold**	**Building**	**Plant and Machinery**	**Office Equipments incl Computers**	**Furniture & Fixtures Equipments**	**Vehicles**	**Patents**	**Total**	**As at 31 March 2010**
Gross Block as at 1 April 2010 (at cost)	16.35	1,278.38	13,170.79	740.30	515.55	166.85	32.26	**15,920.48**	15,544.28
Additions	–	13.42	253.04	52.98	4.54	44.82	416.39	**785.19**	483.72
Disposals / Retirements/ Adjustments	–	–	178.97	3.86	–	6.96	–	**189.79**	107.52
Gross Block as at 31 March 2011	16.35	1,291.80	13,244.86	789.42	520.09	204.71	448.65	**16,515.88**	15,920.48
Accumulated Depreciation as at 1 April 2010	3.44	313.22	6,847.77	410.03	364.71	43.80	3.44	**7,986.41**	7,277.75
Depreciation for the year	0.20	31.41	600.38	93.68	42.81	16.54	13.49	**798.51**	762.53
Depreciation on Disposal / Retirements / Adj.	–	(0.41)	113.68	0.88	(0.14)	4.00	–	**118.01**	53.87
Accumulated Depreciation as at 31 March 2011	3.64	345.04	7,334.47	502.83	407.66	56.34	16.93	**8,666.91**	7,986.41
Net Block as at 31 March 2011	12.71	946.76	5,910.39	286.59	112.43	148.37	431.72	**7,848.97**	7,934.07
Net Block as at 31 March 2010	12.91	965.16	6,323.02	330.27	150.84	123.05	28.82	**7,934.07**	
Capital work-in-progress (including capital advance of ` 1037.81 lakhs (previous year ` 371.32 lakhs)).								**4,559.74**	2,366.39

(` in Lakhs)

		As at 31 March 2011	**As at 31 March 2010**
SCHEDULE 5 : INVESTMENTS (at cost or valuation)			
Long term investments:			
1. In Government Securities :			
	National Saving Certificates (certificate deposited with Government Department)	0.01	0.01
2. In Subsidiary companies:			
37,500,000	Equity shares of ` 10 each, fully paid in Ensen Holdings Limited	230.00	230.00
	Less : Provision for diminution in the value of investment	(59.00)	(59.00)
		171.00	171.00
1,225,000	Equity shares of ` 100 each, fully paid in Urvija Investments Limited	60.00	60.00
7,510,000	Equity shares of ` 10 each fully paid in PIL Chemicals Private Limited	2,251.00	2,251.00
3. Other Investments :			
566,320	Equity shares of ` 10 each, fully paid in Mafatlal Industries Limited ` 1	–	–
566,340	Equity shares of ` 10 each, fully paid in Navin Fluorine International Limited ` 200 (see note below)	–	–
1,000	Equity shares of ` 10 each, fully paid in HDFC Bank Limited	0.10	0.10
17,101	Equity shares of ` 100 each, fully paid in Mafatlal Engineering Industries Limited ` 1	–	–
1	Equity share of ` 2,000 fully paid in Shree Balaji Sahakari Sakhar Karkhana Limited	0.02	0.02
10,000	Equity shares of ` 10 each, fully paid in The Bharat Co-Operative Bank Limited	1.00	1.00
TOTAL		**2,483.13**	**2,483.13**
(a)	Aggregate of quoted investments		
	Cost / Carrying amount	0.10	0.10
	Market value	2,498.58	2,473.53
(b)	Aggregate of unquoted investments		
	Cost / Carrying amount	2,483.03	2,483.03

NOTE :

566320 shares of Navin Fluorine International Limited were received under the Rehabilitation scheme of Mafatlal Industries Limited sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30 October 2002.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2011 *(Contd...)*

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 6 : INVENTORIES		
1. Stores and spares	500.23	448.59
2. Stock-in-trade		
(a) Raw materials	3,592.01	3,109.24
(b) Stock-in-process	1,297.94	1,020.24
(c) Finished stocks		
Manufactured products	5,259.85	3,667.52
Trading products	15.16	19.88
	10,164.96	**7,816.88**
TOTAL	**10,665.19**	**8,265.47**
Note : Mode of valuation - refer note A 8 of schedule 16		
SCHEDULE 7 : SUNDRY DEBTORS		
Sundry debtors		
Outstanding for a period exceeding six months		
– Considered good	5.24	0.05
– Considered doubtful	–	6.32
Other debts (including secured debts of ` 1347.52 lakhs (previous year ` 1108.33 lakhs)	8,662.29	8,611.33
	8,667.53	8,617.70
Less : Provision	–	6.32
TOTAL	**8,667.53**	**8,611.38**
NOTE :		
(a) Considered good	8,667.53	8,611.38
(b) Considered doubtful	–	6.32
	8,667.53	**8,617.70**
SCHEDULE 8 : CASH AND BANK BALANCES		
1. Cash on hand (including cheques on hand ` NIL) (previous year ` 2.24 lakhs)	7.34	7.11
2. Bank balances :		
With Scheduled Banks:		
In current accounts	1,017.94	1,111.73
In deposit account	3,300.00	3,912.12
	4,317.94	5,023.85
TOTAL	**4,325.28**	**5,030.96**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2011 *(Contd...)*

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 9 : LOANS AND ADVANCES (Unsecured, unless otherwise stated)		
1. Loans and advances To other companies @	2,094.00	4,098.41
2. Advances recoverable in cash or in kind or for value to be received	2,688.00	2,423.78
3. Advance payment of income - tax (net)	800.17	482.41
4. Balance with customs and excise	718.56	940.61
	6,300.73	7,945.21
Less : Provisions	301.49	301.55
TOTAL	**5,999.24**	**7,643.66**
@ Includes Rs NIL (previous year ` 333.34 lakhs) secured by way of pledge of certain shares		
NOTE :		
(a) Considered good	5,999.24	7,643.66
(b) Considered doubtful	301.49	301.55
	6,300.73	**7,945.21**
SCHEDULE 10 : CURRENT LIABILITIES		
Acceptances	2,464.56	1,944.55
Sundry creditors		
– Payable to Micro and Small Enterprises (Refer note B 13 of Schedule 16)	4.45	12.35
– others	5,359.73	4,093.93
Other Liabilities	501.76	416.75
Unclaimed Dividends	84.92	66.44
Unclaimed matured Deposits	11.26	19.60
TOTAL	**8,426.68**	**6,553.62**
SCHEDULE 11 : PROVISIONS		
Employee benefits	1,180.68	1,300.26
Proposed dividend	964.72	964.72
Corporate tax on dividend	156.51	163.95
Custom duty claims	718.77	718.77
TOTAL	**3,020.68**	**3,147.70**

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 12 : OTHER INCOME		
1. Income from Long Term Investments		
(i) Dividend - from Subsidiary Company	60.08	–
(ii) Dividend - Others	79.56	65.38
	139.64	**65.38**
2. Interest on deposits, overdue receivables and others (tax deducted at source ` 34.19 lakhs, previous year ` 20.35 lakhs)	344.67	262.34
3. Claim for sales tax set off	58.74	108.38
4. Export incentives	311.00	291.92
5. Profit on Sale of Intangible assets	150.00	–
6. Excess provisions written back	31.07	111.59
7. Rent received (net) ((including tax deducted at source ` 5.44 lakhs (previous year ` 52.16 lakhs))	12.50	57.98
8. Miscellaneous income	304.33	111.46
TOTAL	**1,351.95**	**1,009.05**
SCHEDULE 13 :INCREASE IN STOCKS OF FINISHED PRODUCTS AND STOCK-IN-PROCESS		
Stocks as at 31 March		
Stock-in-process	1,297.94	1,020.24
Finished stocks :		
Manufactured products	5,259.85	3,667.52
Trading products	15.16	19.88
	6,572.95	**4,707.64**
Stocks as at 1 April		
Stock-in-process	1,020.24	1,090.18
Finished stocks :		
Manufactured products	3,667.52	3,147.53
Trading products	19.88	18.86
	4,707.64	**4,256.57**
Increase / (Decrease) in excise duty on closing stock of finished products	214.01	137.99
Increase / (Decrease)	**1,651.30**	**313.08**

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011 *(Contd...)*

(` in Lakhs)

		For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES			
1. Materials consumed :			
(a) Raw materials		27,953.43	25,027.34
(b) Packing materials		748.06	700.02
		28,701.49	**25,727.36**
2. Utilities :			
(a) Power and fuel		4,093.51	4,003.02
(b) Other utilities - water		160.91	170.38
		4,254.42	**4,173.40**
3. Payments to and provisions for employees :			
(a) Salaries, wages and bonus		2,335.95	2,585.32
(b) Contribution to provident and other funds		290.04	440.33
(c) Staff welfare		293.54	280.47
		2,919.53	**3,306.12**
4. Operating expenses :			
(a) Stores and spares		423.84	463.13
(b) Processing charges		1,732.40	1,549.17
(c) Rent		139.34	134.29
(d) Rates, taxes and duties		45.80	32.20
(e) Insurance		69.60	103.38
(f) Repairs and maintenance to plant and machinery		572.02	495.75
(g) Repairs and maintenance to buildings		84.72	111.48
(h) Repairs and maintenance to - others		34.79	30.87
(i) Travelling		91.69	99.32
(j) Advertising and sales development expenses		29.15	8.35
(k) Freight & forwarding charges (net)		942.80	834.83
(l) Miscellaneous expenses		1,305.09	1,192.28
		5,471.24	**5,055.05**
5. Commission and discounts		581.58	560.05
6. Directors sitting fees and commission		38.00	33.50
7. Loans/advances/other dues written off	6.32		424.70
Less : Provision for doubtful debts and advances written back	(6.32)	–	(392.60)
8. Obsolete fixed assets written off		67.66	38.80
9. Loss on sale of fixed assets (net)		0.42	5.85
TOTAL		**42,034.34**	**38,932.23**
SCHEDULE 15 : INTEREST			
On fixed loan		–	4.83
Others		12.45	9.90
TOTAL		**12.45**	**14.73**

SCHEDULE FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP) and the provisions of the Companies Act, 1956 ("The Act").

2. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the period in which the results are known/materialize.

3. Fixed Assets

Tangible Assets :

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

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

Intangible Assets :

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

4. Depreciation

i) Depreciation on fixed assets is provided, pro rata for the period of use, by the straight line method at the SLM rates prescribed in schedule XIV to the Act.

ii) Cost of leasehold land is written off over the period of lease.

iii) Patents are amortised uniformly over a period of 10 years.

v) Assets costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

5. Impairment of Assets :

An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets" when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

6. Operating Lease

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the profit and loss account on a straight-line basis over the lease term.

7. Investments

Investments are classified as current or long-term in accordance with Accounting Standard 13 on "Accounting for Investments".

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

8. Inventories

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

Excise Duty related to finished goods is included under increase in stocks of finished products and stock-in-process (Schedule 13).

9. Employee Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

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

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

10. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected.

Foreign currency denominated assets and liabilities (monetary items) are translated into the reporting currency at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognized in the profit and loss account.

11. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on “Borrowing Costs” are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

12. Revenue recognition

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

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

13. Taxation

Income tax is accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations.

The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax on distributed profits payable in accordance with the provisions of Section 115-O of the Income-tax Act, 1961, is, in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.

14. Earnings Per Share

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

15. Stock based compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortized uniformly over the vesting period of the option.

16. Cash Flow statement

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

17. Contingent Liabilities

Contingent liabilities as defined in Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets” are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

B. NOTES TO FINANCIAL STATEMENTS

(` in lakhs)

		2010–2011	2009–2010
1.	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	2868.85	125.94
2.	Claims against the Company not acknowledged as debts	210.55	274.04
3.	Contingent liability in respect of :		
	(a) Central excise duty and Customsduty demands disputed	105.63	126.48
	(b) Income tax demands disputed	3,816.81	1,261.70
	(c) Sales tax demands disputed	794.87	807.44

4. The Company as at 31 March 2011 carries a total contingency reserve of `3,000 lakhs (previous year `3,000 lakhs) which, in its opinion, is adequate to meet any short fall/diminution in the ultimate realisation of its Investments, Current Assets and Loans & Advances.

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

5. The company is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of AS 17 on 'Segment Reporting', constitutes a single reporting segment.

6. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, go-downs, subletting etc.). These lease arrangements are ranging between 4 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rentals expenses and income is ` 180.03 lakhs (previous year `379.59 lakhs) and `53.20 lakhs (previous year `303.27 lakhs) respectively.

7. Related Parties

(A) Name of related parties and description of relationship

(i) Subsidiary Companies :

Ensen Holdings Limited
Urvija Investments Limited
PIL Chemicals Private Limited

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

Navin Fluorine International Limited
Mafatlal Industries Limited

(iii) Key Management Personnel :

Mr. C. R. Gupte

(iv) Relatives of Key Management Personnel:

Mr. V. R. Gupte
Mrs. A. C. Gupte

(B) Transactions with related parties

(` in lakhs)

Nature of Transactions	2010–2011	2009–2010
Loan repaid by		
– PIL Chemicals Private Limited	–	(52.29)
Loan repaid by		
– Mafatlal Industries Limited	(1671.07)	(328.51)
Purchase of Materials / Services :		
– Navin Fluorine International Limited	7.25	5.81
– PIL Chemicals Private Limited	797.82	770.73
Reimbursement of Expenses :		
– Mafatlal Industries Limited	12.78	16.87
– PIL Chemicals Private Limited	–	3.86
– Ensen Holdings Limited	0.04	0.03
– Urvija Investments Limited	0.03	0.04
Remuneration Paid to :		
Key Management Personnel		
– Mr. C. R. Gupte	174.35	161.32
Refund of Office/Flat Deposit :		
– Mafatlal Industries Limited	(249.90)	(92.96)
– Relatives of KMP	–	(150.00)
Rent Paid to :		
– Mafatlal Industries Limited	83.89	288.50
– Navin Fluorine International Limited	28.80	28.80

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

Nature of Transactions	2010-2011	2009-10
– Relatives of KMP		2.10
Interest Received / Accrued / Reimbursed :		
– PIL Chemicals Private Limited	–	1.18
– Mafatlal Industries Limited	29.93	259.49
Amount outstanding at the year end		
Loans and Advances given		
– Mafatlal Industries Limited	2,094.00	3,765.07
Office / Flat Deposit given		
– Mafatlal Industries Limited	22.28	272.18
Trade Creditors Payable		
– PIL Chemicals Private Limited	150.22	46.82

Related party relationship is as identified by the management and relied upon by the auditors.

(C) Loans and Advances in the nature of Loans (As required by clause 32 of the listing agreement with the stock exchanges)

(` in lakhs)

Name of the Company	Balance as at 31.3.2011	Maximum amount outstanding during the year
Mafatlal Industries Limited (refer Note below)	2,094.00	3,765.07

Note : Loan of ` 2,094 lakhs (previous year ` 2,094 lakhs) given to Mafatlal Industries Limited: Interest has been waived pursuant to sanctioning of Mafatlal Industries Limited's revival scheme under the Sick Industrial Companies (Special Provisions) Act, 1985 and repayment of the same will be made on implementation of the said rehabilitation scheme.

8.(a) Provision for taxes comprises of :

(` in lakhs)

Income Tax :	2010-2011	2009-2010
Current tax	1,542.91	1,756.50
Deferred tax	(71.53)	192.96
Excess provision of tax of earlier year	(3,22)	(340.23)
Wealth tax	1.20	1.20
Total	**1,469.36**	**1,610.43**

(b) The components of Deferred Tax Liabilities are as under:

(` in lakhs)

	2010–2011	2009–2010
Depreciation	1,667.65	1,816.22
Provision for doubtful debts & advances	(97.82)	(102.27)
Expenses allowed on payment basis	(383.07)	(372.20)
Others	909.06	825.60
Net deferred tax liability	**2,095.82**	2,167.35

9. Earnings per share (EPS) :

	2010–2011	2009–2010
Profit available to equity shareholders (` in lakhs)	3,331.81	3,402.68
Weighted average number of Equity shares for Basic EPS	160,786,980	160,786,980
Weighted average number of Equity shares for Diluted EPS	160,786,980	160,786,980
Nominal value of Equity share (`)	10.00	10.00
Earnings per share (`) – Basic	2.07	2.12
Earnings per share (`) – Diluted	2.07	2.12

Note: There is no dilution to the basic EPS as the results are anti-dilutive.

10. ESOP scheme :

	2010-11	2009-10	2007-08
	Grant 3	Grant 2	Grant 1
Date of grant	25-May-10	9-June-09	27-Aug-07
Contractual life	10 years	10 years	10 years
Outstanding as on 1 April	–	425,100	425,100
Granted in the year	973,000	–	–
Forfeited in the year	–	–	–
Exercised during the year	–	–	–
Outstanding as on 31 March	973,000	425,100	425,100
Vesting Schedule (from the date of grant)			
First Year	25%	25%	25%
Second Year	25%	25%	25%
Third Year	25%	25%	25%
Fourth Year	25%	25%	25%
Method of settlement	Equity	Equity	Equity

Details of ESOP granted during the year :

Estimated fair values (arrived at by applying Black Scholes Option Pricing Model) `	10.59
Exercise Price `	20.60
Expected Volatility	61.18%
Risk free rate of return	7.35%
The weighted average contractual life of the options outstanding	10years

Had fair value method been used, the compensation cost would have been higher by ` 97.35 lakhs (P.Y. `30.93 lakhs), profit after tax would have been lower by `68.14 lakhs (P.Y. `18.72 lakhs) and EPS – both Basic and Diluted – would have been `2.03 per share (P.Y. `2.11 per share).

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

11. Employment and Retirement Benefits :

(` in lakhs)

				31.03.2011	31.03.2010
1.	**Post-Employment benefits :**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	128.19	125.33
		ii)	Company's contribution to Superannuation Fund	37.22	38.36
	b)	Defined benefit scheme			
		Gratuity Funded :			
		i)	Liability recognized in Balance Sheet		
			Change in Benefit Obligation Present Value of Obligations As at 1 April	968.91	818.07
			Service Cost	42.85	24.23
			Interest Cost	82.36	63.09
			Actuarial (Gain) / Loss on Obligations	(46.79)	101.64
			Benefits paid	(15.13)	(38.12)
			As at 31 March	1032.20	968.91
			Less : Fair Value of Plan Assets As at 1 April	789.15	643.03
			Expected Return on Plan assets	75.94	62.08
			less loss on investment		
			Contribution	179.76	175.04
			Benefits paid	(39.44)	(84.26)
			Actuarial Loss on Plan Assets	(75.94)	(6.74)
			As at 31 March	929.47	789.15
		Gratuity Unfunded :			
			Present Value of Obligations As at 1 April	450.37	402.17
			Service Cost	19.92	11.91
			Interest Cost	38.28	31.05
			Actuarial Loss on Obligations	30.88	51.38
			Benefits paid	(24.31)	(46.14)
			As at 31 March	515.14	450.37
		ii)	Expense during the year		
			Service Cost	62.77	36.15
			Interest Cost	120.64	94.11
			Expected Return on Plan assets	(75.94)	(62.08)
			Actuarial Loss on Obligations	60.02	159.79
	c)		Principal actuarial assumptions		
			Rate of Discounting	8.25%	8.25%
			Rate of Return on Plan Assets	8.00%	8.00%
			Rate of increase in salaries	4.42%	4.42%
	Breakup of Plan Assets :				
	i)	Government Bonds		477.03	347.88
	ii)	Corporate Bonds		426.66	407.47
	iii)	Special Deposit Scheme		8.71	8.71
	iv)	Others		17.07	25.09
				929.47	**789.15**

The company expects to contribute Rs. 103 lakhs to its Gratuity plan for the next year. In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

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

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

Other Disclosure :

(` in lakhs)

Particulars	2010-11	2009-10	2008-09
Defined benefit obligation	1,547.34	1,419.28	1,220.24
Plan asset	929.47	789.15	643.03
Deficit	617.87	630.13	577.21
Experience adjustment on liabilities – loss	73.52	235.08	150.55
Experience adjustment on plan assets – loss	75.94	6.74	0.21

12. Additional information pursuant to the provisions of paragraphs 4, 4B, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

(a) Directors' Remuneration :

(` in lakhs)

	2010–2011	2009–2010
Salaries and allowances (including performance bonus)	129.00	116.50
Contribution to provident and other funds	25.83	25.83
Perquisites	19.57	18.99
Managerial Remuneration	**174.40**	**161.32**
Directors' sitting fees	6.50	5.50
Commission to non-executive directors	31.50	28.00
TOTAL	**212.40**	**194.82**

(b) Computation of Net Profit as per Section 349 read with Section 309 and Section 198 of the Companies Act 1956

(` in lakhs)

	2010-11
Profit before tax as per profit and loss account	4,801.17
Add : Directors' remuneration	212.40
	5,013.57
Less : Profit on sale of Intangible assets	150.00
Net Profit	**4,863.57**
Commission to non-executive directors	31.50

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

(c) Payment to auditors (Excluding service tax) :

(` in lakhs)

		2010–2011	2009–2010
(a)	Audit fees	12.00	10.00
(b)	As adviser, or in any other capacity in respect of :		
	(i) Taxation matters	–	6.00
	(ii) In any other manner (certification work, limited reviews, etc.)	4.00	4.00
	(iii) Tax audit fees	2.00	2.00
		18.00	**22.00**
(c)	Out of pocket expenses	0.19	–
		18.19	**22.00**

(d) Turnover :

(` in lakhs)

		2010–2011		2009–2010	
	Unit	Quantity	Value	Quantity	Value
Manufactured products :					
Rubber Chemicals	MT	24,171	47,392.59	23,413	45,450.40
Others			374.88		267.98
Trading products :					
Rubber Chemicals	MT	209	277.94	224	267.71
TOTAL			**48,045.41**		**45,986.09**

(e) Raw materials consumed :

(` in lakhs)

		2010–2011		2009–2010	
	Unit	Quantity	Value	Quantity	Value
Chlorinated aromatics & amines	MT	16,668	11,651.08	16,031	9,603.03
Solvents	MT	9,394	5,462.71	8,536	4,378.99
Chlorine	MT	1,784	155.08	1,708	84.74
Chemicals	MT	22,872	9,521.27	22,156	9,632.19
Other raw materials			1,163.29		1,328.39
TOTAL			**27,953.43**		**25,027.34**

(f) Stocks :

(` in lakhs)

		2010–2011		2009–2010	
	Unit	Quantity	Value	Quantity	Value
Opening Stock :					
Finished stocks-manufactured products :					
Rubber Chemicals	MT	2,006	3,667.52	1,854	3,147.53
TOTAL			**3,667.52**		**3,147.53**
Trading products :					
Rubber Chemicals	MT	19	19.88	24	18.86
TOTAL			**19.88**		**18.86**

(g) Purchases :

(` in lakhs)

		2010–2011		2009–2010	
	Unit	Quantity	Value	Quantity	Value
Trading products : Rubber Chemicals	MT	203	215.67	220	198.17
TOTAL			**215.67**		**198.17**

(h) Closing Stocks :

(` in lakhs)

		2010–2011		2009–2010	
	Unit	Quantity	Value	Quantity	Value
Finished stocks-manufactured products :					
Rubber Chemicals	MT	2,800	5,259.85	2,006	3,667.52
TOTAL			**5,259.85**		**3,667.52**
Trading products :					
Rubber Chemicals	MT	14	15.16	19	19.88
TOTAL			**15.16**		**19.88**

(i) Capacities and Production :

		2010–2011	2009–2010
	Unit	Rubber chemicals and their inter-mediates	Rubber chemicals and their inter-mediates
Licensed Capacity	MT	N.A.	N.A.
Installed capacity@	MT	38,950	38,950
Actual production Including production Internally consumed as intermediates	MT	38,264*	36,697*

Notes :

@ Installed capacity is as certified by the management.

* Includes 5358 MT (previous year 5,174 MT) converted for the Company by third parties.

N.A. – Not Applicable

(j) Value of Imports on CIF (on accrual basis) in respect of :

(` in lakhs)

	2010–2011	2009–2010
(i) Raw Materials	13,384.18	12,039.88
(ii) Stores and spares	44.29	8.26
(iii) Capital goods	56.74	72.13
TOTAL	**13,485.21**	**12,120.27**

(k) Expenditure in Foreign Currency (on accrual basis) on account of :

(` in lakhs)

	2010–2011	2009–2010
(i) Professional and technical fees	9.85	10.55
(ii) Commission on sales	110.14	118.99
(iii) Others	368.35	45.22
TOTAL	**488.34**	**174.76**

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd)

(l) Value of Raw materials and stores and spares consumed:

(` in lakhs)

	2010–2011				2009 - 2010			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of total consumption	Value	% of total consumption	Value	% of total consumption	Value	% of total consumption
(a)Raw materials	14,099.80	50.4	13,853.63	49.6	12,390.52	49.5	12,636.82	50.5
(b)Stores and spares	23.24	5.5	400.59	94.5	9.80	2.1	453.33	97.9

(m) Earning in foreign exchange:

(` in lakhs)

	2010–2011	2009–2010
F.O.B. value of goods exported	17,808.36	18,344.41

13. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company) :

(` in lakhs)

	Description	Current Year	Previous Year
a)	Principal amount outstanding as at 31 March	4.45	12.35
b)	Interest due on (1) above and unpaid as at 31 March	0.02	0.11
c)	Interest paid to the supplier	–	–
d)	Payments made to the supplier beyond the appointed day during the year	–	–
e)	Interest due and payable for the period of delay	–	–
f)	Interest accrued and remaining unpaid as at 31 March	0.02	0.11
g)	Amount of further interest remaining due and payable in succeeding year	0.02	0.11

14. Foreign Currency Exposure :

(Figures in lakhs)

	31 March 2011		31 March 2010	
	Rupees	foreign currency	Rupees	foreign currency
Unhedge				
Creditors for Goods	2,464.56	USD 50.01	1,944.55	USD 43.11
		EURO 3.68		
Debtors	3,037.54	USD 63.54	3,573.06	USD 67.37
		EURO 3.21		EURO 8.86
Creditors for expenses	87.36	USD 1.88	59.86	USD 1.17
		EURO 0.06		EURO 0.12

15. Figures of the previous year have been regrouped / rearranged wherever necessary to correspond to figures of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

Balance Sheet Abstract as at 31 March 2011

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMETNS (Contd.)

Balance Sheet Abstract And Company's General Business Profile.

I. REGISTRATION DETAILS

Registration No. 12003 State Code 11

Balance Sheet Date 31 03 2011
Date Month Year

II. CAPITAL RAISED DURING THE YEAR

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placements
NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS(AMOUNT IN ` THOUSANDS)

Total Liabilities	Total Assets
3310172	3310172

SOURCES OF FUNDS

Paid-up Capital	Reserves and Surplus
1607870	1492720
Secured Loans	Unsecured Loans
NIL	NIL
	Deferred Tax Liability
	209582

APPLICATION OF FUNDS

Net Fixed Assets	Investments
1240871	2483133
+ – Net Current Assets	Miscellaneous Expenditure
	NIL
Accumulated Losses	
NIL	

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN ` THOUSANDS)

Turnover	Total Expenditure
4804541	4324424
+ – Profit/Loss Before Tax	+ – Profit After Tax
☑ 480117	☑ 333181

(please tick appropriate box +for Profit, -for Loss)

+ – Earning per share in Rs.	+ – Dividend Rate %
☑ 2.07	06

(Refer note no. 10 of Schedule 17 B)

V. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF COMPANY(AS PER MONETARY TERMS)

Items Code No. (ITC Code)	Product Description
29215190	Amine Function Compound
29350090	Sulphonamides
29334900	Heterocyclic Compound with Nitrogen - Heteroatom (s)

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

Place : Mumbai
Date : 30 May 2011

Section 212

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011.

Sr.No.	Particulars	Name of Subsidiary Companies		
		PIL Chemicals Private Limited ` in lakhs	Ensen Holdings Limited ` in lakhs	Urvja Investments Limited ` in lakhs
1	Extent of the Holding Company's Interest in Subsidiary No. of Shares	7,510,000	37,500,000	1,225,000
	% of Capital	100%	100%	100%
2	Capital	751.00	3,750.00	1,225.00
3	Reserves	1,556.43	56.70	2.02
4	Deferred Tax Liablity	76.40	-	-
5	Debit Balance of Profit & Loss Account	-	3,629.04	1,144.69
6	Total Assets (Fixed Assets+Investments+ Current Assets)	2,535.95	178.29	82.49
7	Total Liabilities (Debts + Current Liablities)	152.11	0.63	0.17
8	Details of Investments			
	19,900 equity shares of Bank of India of `10 each fully paid	-	8.96	-
	2,400 equity shares of Corporation Bank of `10 each fully paid	-	1.89	-
	12,000.000 equity shares of Vibhadeep Invetments & Trading Limited of `10 each fully paid (`1)	-	-	-
	16,000 ordinary shares of UK Stg pd.10 each fully paid in Mafatlal Limited, U.K. (`1)	-	-	-
	22,320 equity shares of Mafatlal Services Limited of `100 each fully paid	-	-	-
	10,560 Mastershares of Unit Trust of India of `10 each fully paid	-	-	0.86
	50,000 units of J.M.Mutual Fund (Equity Dividend plan) of `10 each fully paid	-	-	5.00
	11,000.00 equity shares of Vibhadeep Investments & Trading Limited of `10 each fully paid (`1)	-	-	-
	30, 12% Bonds of I.C.I.C.I. (Series VII) of `10,000 each fully paid	-	-	3.00
	16,000 ordinary shares of UK Stg Pd.10 each fully paid in Mafatlal Limited, U.K. (`1)			-
	Total	**NIL**	**10.85**	**8.86**
9	Income	807.17	4.51	3.83
10	Profit before Tax	110.04	4.29	3.59
11	Provision for Tax	37.55	0.46	0.88
12	Profit after Tax	72.49	3.83	2.71
13	Proposed Dividend (Including Dividend Distribution Tax)	69.83	NIL	NIL

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

Place : Mumbai
Date : 30 May 2011

Consolidated Auditors' Report

Auditors' Report

The Board of Directors
NOCIL Limited

1. We have audited the attached group Consolidated Balance Sheet of NOCIL Limited (the Company) as at 31 March 2011, the group Consolidated Profit and Loss Account and the group Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information relating to components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of all subsidiary companies, whose financial statements reflect the group's share of total assets of ` 2,535.94 lakhs as at 31 March 2011 and total revenue of ` 815.52 lakhs and total cash flows amounting to ` 48.66.lakhs for the year ended on that date. These financial Statements and other financial information have been audited by other auditors whose report has been furnished to us by the Company's management and our opinion is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, on 'Consolidated Financial Statements' and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements'.

5. Based on our audit and on consideration of the reports of the other auditors on the separate financial statements of a subsidiary Companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;

   ii) in the case of the Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and

   iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

P. B. Pardiwalla
Partner
Membership No. 40005

Place : Mumbai
Date : 30 May 2011

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(` in Lakhs)

	Schedule No.	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds :			
1. (a) Capital	1	16,078.70	16,078.70
(b) Reserves and surplus	2	15,012.60	12,792.84
		31,091.30	**28,871.54**
2. Loan Fund :			
Unsecured loan	3	–	1,671.07
		–	1,671.07
3. Deferred tax liability (net)		2,172.22	2,206.20
TOTAL		**33,263.52**	**32,748.81**
APPLICATION OF FUNDS			
1. Fixed Assets	4		
(a) Gross Block		18,976.04	18,364.50
(b) Less: Accumulated Depreciation		9,116.25	8,326.48
(c) Net block		9,859.79	10,038.02
(d) Capital work-in-progress		4,570.49	2,379.49
		14,430.28	**12,417.51**
2. Investments	5	20.84	20.84
3. Current Assets, Loans and Advances :			
(a) Inventories	6	10,702.06	8,284.82
(b) Sundry debtors	7	8,667.53	8,611.38
(c) Cash and bank balances	8	4,646.54	5,303.56
(d) Loans and advances	9	6,137.31	7,801.75
		30,153.44	**30,001.51**
Less : Current Liabilities and Provisions :			
(a) Liabilities	10	8,302.00	6,537.25
(b) Provisions	11	3,039.04	3,153.80
		11,341.04	**9,691.05**
Net current assets		18,812.40	20,310.46
TOTAL		**33,263.52**	**32,748.81**
Significant Accounting Policies and notes to Financial statements	16		

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

Place : Mumbai
Date : 30 May 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	Schedule No.	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales (Gross)		48,045.41	45,986.09
Less : Excise duty		3,186.52	2,387.45
Sales (Net)		44,858.89	43,598.64
Other income	12	1,309.57	1,012.98
Increase in stocks of finished products and stock-in-process	13	1,651.30	313.08
		47,819.76	**44,924.70**
EXPENDITURE			
Manufacturing and other expenses	14	41,824.89	38,687.37
Purchase of trading products		215.67	198.17
Depreciation		907.77	871.05
Interest	15	12.45	14.73
		42,960.78	**39,771.32**
Profit before tax		**4,858.98**	**5,153.38**
Provision for Taxes (Refer note B 8 (a) of Schedule 16)		1,508.25	1,653.52
Profit after tax		**3,350.73**	**3,499.86**
Surplus/(Deficit) brought forward from previous year		4,403.20	2,032.01
Proposed Dividend on Equity Shares		964.72	964.72
Corporate tax on dividend		166.25	163.95
Balance carried to balance sheet		**6,622.96**	**4,403.20**
Earnings per share (Equity shares, par value of ` 10/- per share)			
Basic		**2.08**	**2.18**
Diluted (Refer note B 9 of Schedule 16)		**2.08**	**2.18**
Significant Accounting Policies and notes to Financial statements	16		

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Hrishikesh A. Mafatlal
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V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

Place : Mumbai
Date : 30 May 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**4,858.98**	**5,153.38**
Adjustments for :		
Depreciation	907.77	871.05
Provision for dimunition in the value of investments	–	22.32
Obsolete fixed assets written off	67.66	38.80
Loss on sale of fixed assets (net)	0.42	5.85
Income from Long Term Investments	(82.46)	(67.83)
Interest on Deposits, Overdue receivables and others	(349.06)	(261.54)
Interest	12.45	14.73
Provision for doubtful debts/advances made in previous years written back	(6.32)	(392.60)
Operating profit before working capital changes	**5,409.44**	**5,384.16**
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(41.77)	738.94
(Increase)/Decrease in inventories	(2,417.25)	(1,326.34)
(Increase)/Decrease in trade payables	1,754.60	1,082.74
(Decrease)/Increase in provisions	(117.07)	215.43
	(821.48)	**710.77**
Cash generated/(used) from/(for) operations	4,587.96	6,094.92
Direct Taxes paid	(1,890.18)	(1,245.91)
Net cash generated/(used) from/(for) operating activities	**2,697.77**	**4,849.02**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,992.35)	(673.43)
Sale of fixed assets	3.70	8.99
Loan received	2,004.41	661.84
Interest received	349.06	261.54
Dividend received	82.46	67.83
Net cash generated from/(used) for Investment activities	**(552.73)**	**326.77**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of loan	(1,671.07)	(1,477.16)
Unclaimed Matured Deposits paid	(8.34)	(8.89)
Interest paid	(12.45)	(14.73)
Dividend paid	(946.25)	(943.18)
Dividend tax paid	(163.95)	(163.96)
Net Cash used for financing activities	**(2,802.07)**	**(2,607.92)**
Net (decrease)/increase in cash and cash equivalents	(657.01)	2,567.87
Opening balance of cash and cash equivalents	5,303.56	2,735.69
Closing balance of cash and cash equivalents	**4,646.54**	**5,303.56**

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
Directors

Place : Mumbai
Date : 30 May 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
1,20,000,000 Equity shares of ` 10 each	120,000.00	120,000.00
Issued and subscribed :		
16,078,980 Equity shares of ` 10 each, fully paid-up	16,078.70	16,078.70

Notes : Of the above :

(a) 97,302,850 shares allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve and Share Premium Account

(b) 13,302,850 shares allotted to the shareholders of Polyolefins Industries Limited pursuant to the scheme of amalgamation without payment in cash.

(c) 38,181,280 shares allotted to erstwhile Secured Lenders without payment in cash in terms of the scheme of arrangement approved by the Bombay High Court.

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 2 : RESERVES AND SURPLUS		
1. Capital Reserve :		
Balance at the commencement of the year	15.29	15.29
2. Share Premium Account :		
Balance at the commencement of the year	450.92	450.92
3 General Reserve :		
Balance at the commencement of the year	4,864.71	4,864.71
4. Profit and Loss Account	6,622.96	4,403.20
5. Reserve for Contingency: (Refer note B 4 of Schedule 16)		
Balance at the commencement of the year	3,000.00	3,000.00
6. Reserve under Section 45 IC of Reserve Bank of India Act:		
Balance at the commencement of the year	58.72	58.72
TOTAL	**15,012.60**	**12,792.84**
SCHEDULE 3 : UNSECURED LOAN:		
Term loan from a financial Institution	–	1,671.07
TOTAL	**–**	**1,671.07**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011 *(Contd...)*

SCHEDULE 4: FIXED ASSETS

(` in Lakhs)

	Tangible Assets						Intangible Asset		
PARTICULARS	**Land Leasehold**	**Building**	**Plant and Machinery**	**Office Equipments incl Computers**	**Furniture & Fixtures Equipments**	**Vehicles**	**Patents**	**Total**	**As at 31 March 2010**
Gross Block as at 1 April 2010 (at cost)	341.35	1,610.74	14,956.11	740.30	516.86	166.86	32.26	**18,364.48**	17,988.30
Additions	–	13.42	269.20	52.98	4.54	44.82	416.39	**801.35**	483.72
Disposals / Retirements / Adjustments	–	–	178.97	3.86	–	6.96	–	**189.79**	107.52
Gross Block as at 31 March 2011	341.35	1,624.16	15,046.34	789.42	521.40	204.72	448.65	**18,976.04**	18,364.50
Accumulated Depreciation as at 1 April 2010	18.83	342.39	7,143.18	410.02	364.83	43.80	3.44	**8,326.49**	7,509.30
Depreciation for the year	4.71	41.07	695.39	93.68	42.89	16.54	13.49	**907.77**	871.05
Depreciation on Disposal / Retirements / Adj.	–	(0.41)	113.68	0.88	(0.14)	4.00	–	**118.01**	53.87
Accumulated Depreciation as at 31 March 2011	23.54	383.87	7,724.89	502.82	407.86	56.34	16.93	**9,116.25**	8,326.48
Net Block as at 31 March 2011	317.81	1,240.29	7,321.45	286.60	113.54	148.38	431.72	**9,859.79**	
Net Block as at 31 March 2010	322.52	1,268.35	7,812.93	330.28	152.06	123.06	28.82	**10,038.02**	
Capital work-in-progress (including capital advance of ` 1037.81 lakhs (previous year ` 371.32lakhs)).								**4,570.49**	2,379.49

(` in Lakhs)

		As at 31 March 2011	As at 31 March 2010
SCHEDULE 5 : INVESTMENTS (at cost or valuation)			
Long term investments in :			
1. Government Securities:		0.01	0.01
2. Equity Shares	11.97		34.29
Less : Provision for dimunition in the value of investment	–	11.97	22.32
3. Bonds		3.00	3.00
4. Mutual Fund Units		5.86	5.86
TOTAL		**20.84**	**20.84**
(a) Aggregate of quoted investments			
Cost / Carrying amount		16.81	16.81
Market value		2,619.06	2,562.96
(b) Aggregate of unquoted investments			
Cost / Carrying amount		4.03	**4.03**

Note :

566320 shares of Navine Fluorine International Limited were received under the Rehabilitation scheme of Mafatlal Industries Limited sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30 October 2002.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011 *(Contd...)*

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 6 : INVENTORIES		
1. Stores and spares	537.10	467.94
2. Stock-in-trade		
(a) Raw materials	3,592.01	3,109.24
(b) Stock-in-process	1,297.94	1,020.24
(c) Finished stocks :		
Manufactured products	5,259.85	3,667.52
Trading products	15.16	19.88
	10,164.96	**7,816.88**
Note : Mode of valuation - refer note A 8 of schedule 16		
TOTAL	**10,702.06**	**8,284.82**
SCHEDULE 7 : SUNDRY DEBTORS		
Sundry debtors		
Outstanding over six months		
– Considered good	5.24	0.05
– Considered doubtful	–	6.32
Other debts (including secured debts of ` 1347.52 lakhs (previous year ` 1108.33 lakhs))	8,662.29	8,611.33
	8,667.53	**8,617.70**
Less : Provision	–	6.32
TOTAL	**8,667.53**	**8,611.38**
NOTE :		
(a) Considered good	8,667.53	8,611.38
(b) Considered doubtful	**–**	6.32
	8,667.53	**8,617.70**
SCHEDULE 8 : CASH AND BANK BALANCES		
1. Cash on hand (including cheques on hand ` NIL ) (previous year ` 2.24 lakhs))	7.36	7.12
2. Bank balances :		
In current accounts	1,239.18	1,184.32
In deposit account	3,400.00	4,112.12
	4,639.18	5,296.44
TOTAL	**4,646.54**	**5,303.56**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(` in Lakhs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 9 : LOANS AND ADVANCES (Unsecured, unless otherwise stated)		
1. Loans & Advances @	2,185.41	4,189.82
2. Advances recoreable in cash or in kind or for value to be received	2,658.24	2,444.11
3. Advance payment of income - tax (net)	826.86	500.82
4. Balance with customs and excise	719.82	941.71
5. MAT credit entitlement	48.47	26.84
Less: Provisions	6,438.80	8,103.30
	301.49	301.55
TOTAL	**6,137.31**	**7,801.75**
@ Includes Rs NIL (previous year ` 333.34 lakhs) secured by way of pledge certain shares		
NOTE:		
(a) Considered good	6,137.31	7,801.75
(b) Considered doubtful	301.49	301.55
	6,438.80	**8,103.30**
SCHEDULE 10 : CURRENT LIABILITIES		
Acceptances	2,464.56	1,944.55
Sundry creditors		
- Payable to Micro and Small Enterprises (Refer note B 13 of Schedule 16)	4.45	12.35
- others	5,235.05	4,077.56
Other Liabilities	501.76	416.75
Unclaimed Dividends	84.92	66.44
Unclaimed matured Deposits	11.26	19.60
TOTAL	**8,302.00**	**6,537.25**
SCHEDULE 11 : PROVISIONS		
Employee benefits	1,189.30	1,306.36
Prposed dividend	964.72	964.72
Corporate tax on dividend	166.25	163.95
Custom duty claims	718.77	718.77
TOTAL	**3,039.04**	**3,153.80**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(` in Lakhs)

	For the year ended 31 March 2011	For the year ended 31 March 2010 year
SCHEDULE 12 : OTHER INCOME		
1. Income from Long Term Investments		
(i) Dividend - Others	82.10	67.47
(ii) Interest from Investment (tax deducted at source ` 0.04 lakh previous year ` 0.06 lakh)	0.36	0.36
	82.46	**67.83**
2. Interest on deposits, overdue receivables and others (tax deducted at source ` 34.41 lakhs, previous year ` 20.39 lakhs)	349.06	261.54
3. Claim for sales tax set off	58.74	108.38
4. Export incentives	311.00	291.92
5. Profit on Sale of Intangible assets	150.00	–
6. Excess provision written back	32.12	111.59
7. Rent received (net) (including tax deducted at source ` 5.44 lakhs, previous year ` 52.16 lakhs)	12.50	57.98
8. Miscellaneous income	313.69	113.74
TOTAL	**1,309.57**	**1,012.98**
SCHEDULE 13 : INCREASE IN STOCKS OF FINISHED PRODUCTS AND STOCK-IN-PROCESS		
Stocks as at 31 March		
Stock-in-process	1,297.94	1,020.24
Finished stocks :		
Manufactured products	5,259.85	3,667.52
Trading products	15.16	19.88
	6,572.95	**4,707.64**
Stocks as at 1 April		
Stock-in-process	1,020.24	1,090.18
Finished stocks :		
Manufactured products	3,667.52	3,147.53
Trading products	19.88	18.86
	4,707.64	**4,256.57**
Increase/(Decrease) in excise duty on closing stock of finished products	214.01	137.99
Increase/(Decrease)	**1,651.30**	**313.08**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011 *(Contd...)*

(` in Lakhs)

		For the year ended 31 March 2011	For the year ended 31 March 2010 year
SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES			
1. Materials consumed :			
(a) Raw materials		27,953.43	25,027.34
(b) Packing materials		748.06	700.02
		28,701.49	**25,727.36**
2. Utilities :			
(a) Power and fuel		4,432.79	4,266.62
(b) Other utilities - water		171.63	179.55
		4,604.42	**4,446.17**
3. Payments to and provisions for employees :			
(a) Salaries, wages and bonus		2,438.21	2,677.89
(b) Contribution to provident and other funds		300.94	450.00
(c) Staff welfare		296.61	283.90
		3,035.76	**3,411.79**
4. Operating expenses:			
(a) Stores and spares		433.30	483.59
(b) Processing charges		934.58	778.44
(c) Rent		139.34	134.29
(d) Rates, taxes and duties		49.92	34.75
(e) Insurance		71.78	106.35
(f) Repairs and maintenance to plant and machinery		613.88	533.37
(g) Repairs and maintenance to buildings		85.65	114.83
(h) Repairs and maintenance to - others		38.72	32.62
(i) Travelling		91.94	99.75
(j) Advertising and sales development expenses		29.15	8.35
(k) Freight & forwarding charges (net)		942.80	834.83
(l) Miscellaneous expenses		1,364.60	1,248.26
		4,795.66	**4,409.43**
5. Commission and discounts		581.58	560.05
6. Directors sitting fees and commission		37.90	33.50
7. Loans/advances/other dues written off	6.32		424.70
Less : Provision for doubtful debts and advances	(6.32)	–	(392.60)
8. Provision for dimunition in the value of investments		–	22.32
9. Obsolete fixed assets written off		67.66	38.80
10. Loss on Sale/Retirement of Assets		0.42	5.85
TOTAL		**41,824.89**	**38,687.37**
SCHEDULE 15 : INTEREST			
On fixed loan		–	4.83
Others		12.45	9.90
TOTAL		**12.45**	**14.73**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011 *(Contd...)*

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES:

Company Background

The Consolidated Financial Statements of the group – the parent Company, NOCIL Limited ('NOCIL' or 'the Company') and all its subsidiaries – include financial information of its other components, viz. namely associate company.

The Company is predominantly engaged in the business of manufacturing and trading of rubber chemicals.

The following components are included in the Consolidation:

Wholly owned Subsidiary Companies :

Name of the Company	Country of incorporation	Nature of business
PIL Chemicals Private Limited	India	Processing of rubber chemical products
Ensen Holdings Limited	India	Investment Company
Urvija Investments Limited	India	Investment Company

Associate Companies :

Name of the Company	Country of Incorporation	Year	Proportion of Ownership Interest	Nature of Business
Vibhadeep Investments and Trading Limited	India	2010-11 2009-10	48.94 % 48.94 %	Investment Company

1. Principles of Consolidation :

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

Investments in Associates are accounted for using the Equity Method in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Unrealised profits and losses resulting from transactions between the Company and the Associates are eliminated to the extent of the Company's interest in the Associate.

For the purpose of consolidation, the financial statements of the Subsidiaries and Associates are drawn upto 31 March 2011 which is the same reporting period of the Company.

2. Uniform Accounting Policies :

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

3. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the period in which the results are known/materialize.

4. Fixed Assets

Tangible Assets :

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

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

Intangible Assets :

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

5. Depreciation

i) Depreciation on fixed assets is provided, pro rata for the period of use, by the straight line method at the SLM rates prescribed in schedule XIV to the Act.

ii) Cost of leasehold land is written off over the period of lease.

iii) Patents are amortised uniformly over a period of 10 years

iv) Assets costing `5000/- or less are fully depreciated in the year of purchase.

6. Impairment of Assets :

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

7. Operating Lease :

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the profit and loss account on a straight-line basis over the lease term.

8. Investments :

Investments are classified as current or long-term in accordance with Accounting Standard 13 on "Accounting for Investments".

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

9. Inventories :

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

Excise Duty related to finished goods is included under increase in stocks of finished products and stock-in-process (Schedule 13).

10. Employee Benefits :

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

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

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

11. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected.

Foreign currency denominated assets and liabilities (monetary items) are translated into the reporting currency at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognized in the profit and loss account.

12. Borrowing Costs :

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

13. Revenue recognition :

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

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

14. Taxation :

Income tax is accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax expenses are aggregated from the amounts of tax expenses appearing in the separate financial statements of the parent and its subsidiaries.

Tax on distributed profits payable in accordance with the provisions of Section 115-O of the Income-tax Act, 1961, is, in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.

15. Earnings Per Share :

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

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

16. Stock based compensation :

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortized uniformly over the vesting period of the option.

17. Cash Flow statement

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

18. Contingent Liabilities

Contingent liabilities as defined in Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets” are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

B. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS :

(` in lakhs)

		2010–2011	2009–2010
1.	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	2868.85	125.94
2.	Claims against the Company not acknowledged as debts	210.55	274.04
3.	Contingent liability in respect of :		
	(a) Central excise duty and Customs duty demands disputed	105.63	126.48
	(b) Income tax demands disputed	3,816.81	1,261.70
	(c) Sales tax demands disputed	794.87	807.44

4. The Company as at 31 March 2011 carries a total contingency reserve of ` 3,000 lakhs (previous year ` 3,000 lakhs) which, in its opinion, is adequate to meet any short fall/diminution in the ultimate realisation of its Investments, Current Assets and Loans & Advances.

5. The company is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of AS 17 on ‘Segment Reporting’, constitutes a single reporting segment.

6. The Company’s significant leasing arrangements are in respect of operating leases for premises (residential, offices, go-downs, subletting etc.). These lease arrangements are ranging between 4 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rentals expenses and income is ` 180.03 lakhs (previous year `379.59 lakhs) and ` 53.20 lakhs (previous year ` 303.27 lakhs) respectively.

7. Related Parties :

(A) Name of related parties and description of relationship

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

Navin Fluorine International Limited

Mafatlal Industries Limited

(ii) Key Management Personnel:

Mr. C. R. Gupte

(iii) Relatives of Key Management Personnel:

Mr. V. R. Gupte

Mrs. A. C. Gupte

(B) Transactions with related parties :

(` in lakhs)

Nature of Transactions	2010–2011	2009–2010
Loan repaid by		
– Mafatlal Industries Limited	(1671.07)	(328.51)
Purchase of Materials / Services :		
– Navin Fluorine International Limited	7.25	5.81
Reimbursement of Expenses:		
– Mafatlal Industries Limited	12.78	16.87
Remuneration Paid to :		
Key Management Personnel		
– Mr. C. R. Gupte	174.35	161.32
Refund of Office Deposit		
– Mafatlal Industries Limited	(249.90)	(92.96)
– Relatives of KMP	–	150.00
Rent Paid to :		
– Mafatlal Industries Limited	83.89	288.50
– Navin Fluorine International Limited	28.80	28.80
– Relatives of KMP	–	2.10
Interest Reimbursed by :		
– Mafatlal Industries Limited	29.93	259.49
Amount outstanding at the year end		
Loans and Advances given :		
– Mafatlal Industries Limited	(2,185.41)	(3,856.48)
Office / Flat Deposit given :		
– Mafatlal Industries Limited	22.28	272.18

Related party relationship is as identified by the management and relied upon by the auditors.

(C) Loans and Advances in the nature of Loans (As required by clause 32 of the listing agreement with the stock exchanges)

(` in lakhs)

Name of the Company	Balance as at 31.3.2011	Maximum amount outstanding during the year
Mafatlal Industries Limited (refer Note below)	2185.41	3856.48

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

Note :

Loan of ` 2185.41 lakhs given to Mafatlal Industries Limited: Interest has been waived pursuant to sanctioning of Mafatlal Industries Limited's revival scheme under Sick Industrial Companies (Special Provisions) Act, 1985 and repayment of the same will be made on implementation of the said rehabilitation scheme.

8. (a) Provision for taxes comprises of :

(` in lakhs)

Income Tax	2010–2011	2009–2010
Current tax	1,566.18	1,779.40
Deferred tax	(33.98)	231.81
MAT credit entitlement	(21.93)	(22.88)
Excess provision of tax of earlier years	(3.22)	(336.01)
Wealth tax	1.20	1.20
TOTAL	**1,508.25**	**1,653.52**

(b) The components of Deferred Tax Liabilities are as under :

(` in lakhs)

	2010–2011	2009–2010
Depreciation	1,870.25	1,997.07
Carried forward losses	(123.40)	(139.97)
Provision for doubtful debts and advances	(97.82)	(102.27)
Expenses allowed on payment basis	(385.87)	(374.23)
Others	909.06	825.60
Net deferred tax liability	**2,172.22**	**2,206.20**

9. Earnings per share :

	2010–2011	2009–2010
Profit available to equity shareholders (` in lakhs)	3,350.73	3,499.86
Weighted average number of Equity shares for Basic EPS	160,786,980	160,786,980
Weighted average number of Equity shares for Diluted EPS	160,786,980	160,786,980
Nominal value of Equity share (`)	10.00	10.00
Earnings per share (`) – Basic	2.08	2.18
Earnings per share (`) – Diluted	2.08	2.18

Note : There is no dilution to the basic EPS as the results are anti-dilutive.

10. Employment and Retirement Benefits :

(` in lakhs)

				31.03.2011	31.03.2010
1.	**Post-Employment benefits**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	133.20	130.04
		ii)	Company's contribution to Superannuation Fund	37.22	38.36
	b)	Defined benefit scheme			
		Gratuity Funded :			
		i)	Liability recognized in Balance Sheet		
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	968.91	818.07
			Service Cost	42.85	24.23
			Interest Cost	82.36	63.09
			Actuarial (Gain) / Loss on Obligations	(46.79)	101.64
			Benefits paid	(15.13)	(38.12)
			As at 31 March	1032.20	968.91
			Less : Fair Value of Plan Assets		
			As at 1 April	789.15	643.03
			Expected Return on Plan assets less loss on Investments	75.94	62.08
			Contribution	179.76	175.04
			Benefits paid	(39.44)	(84.26)
			Actuarial Loss on Plan Assets	(75.94)	(6.74)
			As at 31 March	929.47	789.15
		Gratuity Unfunded :			
			Present Value of Obligations		
			As at 1 April	453.22	403.73
			Service Cost	20.92	12.65
			Interest Cost	38.59	31.23
			Actuarial Loss on Obligations	31.68	51.75
			Benefits paid	(24.31)	(46.14)
			As at 31 March	520.10	453.22
		ii)	Expense during the year		
			Service Cost	63.77	36.89
			Interest Cost	120.95	94.29
			Expected Return on Plan assets	(75.94)	(62.08)
			Actuarial Loss on Obligations	60.82	160.16
	c)	Principal actuarial assumptions			
			Rate of Discounting	8.25%	8.25%
			Rate of Return on Plan Assets	8.00%	8.00%
			Rate of increase in salaries	4.42%	4.42%
	Breakup of Plan Assets :				
	i)	Government Bonds		477.03	347.88
	ii)	Corporate Bonds		426.66	407.47
	iii)	Special Deposit Scheme		8.71	8.71
	iv)	Others		17.07	25.09
				929.47	**789.15**

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

The company expects to contribute ` 103 lakhs to its Gratuity plan for the next year. In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

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

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

Other Disclosures:

(` in lakhs)

Particulars	2010-11	2009-10	2008-09
Defined benefit obligation	1,552.29	1,422.13	1,221.80
Plan asset	929.47	789.15	643.03
Deficit	622.82	632.98	578.77
Experience adjustment on liabilities – loss	74.49	235.35	150.39
Experience adjustment on plan assets – loss	75.94	6.74	0.21

11. Foreign Currency Exposure

(Figures in lakhs)

	31 March 2011		31 March 2010	
	Rupees	**foreign currency**	Rupees	foreign currency
Unhedge				
Creditors for Goods	2,464.56	USD 50.01	1,944.55	USD 43.11
		EURO 3.68		
Debtors	3,037.54	USD 63.54	3,573.06	USD 67.37
		EURO 3.21		EURO 8.86
Creditors for expenses	87.36	USD 1.88	59.86	USD 1.17
		EURO 0.06		EURO 0.12

12. Figures of the previous year have been regrouped / rearranged wherever necessary to correspond to figures of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2011

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
N. Sankar
} Directors

NOCIL LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Regd. Folio No. .... DP ID No. .... Client ID No ....

Name of the attending member (in BLOCK LETTERS) ....

Name of the Proxy (in BLOCK LETTERS) (To be filled in, if the Proxy attends, instead of the Member) ....

I hereby record my presence at the FORTY NINTH ANNUAL GENERAL MEETING of the Company being held at 4.00 P.M. on Wednesday, 27 July 2011 at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Damodar Thackersey Road, Churchgate, Mumbai - 400 020.

Member's / Proxy's Signature
(To be signed at the time of handing over this slip)

NOCIL LIMITED

PROXY FORM

I / We .... of .... being member / members of the above named company, hereby appoint .... or failing him .... of .... as my / our proxy to vote for me/ us on my / our behalf at the FORTY NINTH ANNUAL GENERAL MEETING of the Company to be held at 4.00 P.M. on Wednesday, 27 July 2011 at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Damodar Thackersey Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Regd. Folio No : .... Client ID No. ....

DP ID No. : ....

No. of Shares held : ....

Affix ` 1 Revenue Stamp

Signature of the Member

Signed this .... day of July, 2011.

This Proxy Form in order to be effective should be duly filled in, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. A Proxy need not be a member of the company.

NOCIL LIMITED

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

I/We .... do hereby authorize NOCIL Limited to:

* Print the following details on my/our dividend warrant

* Credit my/our dividend amount directly to my/our Bank Account by ECS

(* strike out whichever is not applicable)

My/Our Folio No. ....

DP ID No. ....Client A/c No. ....

Particulars of Bank Account :

A. Bank Name : ....

B. Branch Name : ....

Address (For Mandate only) : ....

C. 9 digit code number of the Bank and branch as appearing on the MICR cheque. : ....

D. Account type (Saving/Current/Overdraft) : ....

E. Account number as appearing on the cheque Book. : ....

F. STD Code & Tel No. : ....

I/ We shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

MAIL TO :
M/s. Sharepro Services (India) Pvt. Ltd.,
Unit: NOCIL Limited
13 A-B, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072.

Signature of the First Shareholder

Note : Please attach the photocopy of the cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of 9 digit code number.

Book - Post

ARVIND MAFATLAL GROUP
The ethics of excellence

NOCIL LIMITED

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