NOCIL LIMITED

50th ANNUAL REPORT
2011 - 2012

ARVIND MAFATLAL GROUP
The ethics of excellence

SHRI ARVIND N. MAFATLA L

OCTOBER 27th 1923 – OCTOBER 30th 2011

A LIFETIME OF SERVICE TO INDUSTRY & SOCIETY

Shri. Arvind N. Mafatlal fondly known as Arvindbhai, was a pioneer in the field of Petrochemicals in India and established the first integrated petrochemicals and polymer complex in Thane, Maharashtra then known as NOCIL and PIL. As a measure of recognition of his service to NOCIL from its inception, the Board of Directors unanimously decided to appoint Shri. Arvind N. Mafatlal as Chairman Emeritus for life in 2005.

Shri Arvindbhai, throughout his distinguished career demonstrated the ability to balance business pursuits with devotion to philanthropic and spiritual causes. As a leading industrialist of the country, he was associated at the highest levels with many Trade Bodies and Academic Institutes. Notable among these were his stints as Director of the Reserve Bank of India and Industrial Development Bank of India, Trustee of Bombay Port Trust, Chairman of the Development Council for Textile Machinery (Government of India), Member of the Agricultural Credit Board of Reserve Bank of India, Member of the Central Advisory Council of Industries etc.

As someone who was closely interested in furthering the cause of Education and Research in the country, Arvindbhai had served as Chairman of the Executive Council, National Chemical Laboratory, Pune, Member of the Advisory Committee of Indian Institute of Technology, Powai, Mumbai, Member of the Board of Governors, Indian Institute of Management, Ahmedabad, Member of the Governing Body of CSIR, Chairman of Shri Bhagubhai Mafatlal Polytechnic and College of Engineering etc.

It is, however, through his unwavering involvement and tireless personal efforts in support of humanitarian causes that Arvindbhai's true character shines through. As Chairman and Managing Trustee of Shri. Sadguru Seva Sangh Trust, Mumbai, he took keen interest in organising and supervising free eye camps in backward and adivasi areas of different states. Nearly 12.5 lacs operations have been carried out in the several camps held by the Trust. Arvindbhai has also set an example for the world at large by his personal involvement in organising and participating in relief and rehabilitation work during major national calamities like Koyna earthquake (1968), South Gujarat floods (1968), Rajasthan famine (1969), Bihar famine (1970), drought conditions in Maharashtra etc. Even in recent years, he personally worked for the rehabilitation of victims of Orissa cyclone and Gujarat earthquake.

His association with BAIF (Formerly Bharatiya Agro Industries Foundation) from 1967, culminating in his nomination as Chairman in 1977, resulted in exemplary implementation of various community development and relief projects for sustainable rural development, food security and clean environment. He, along with the legendary freedom fighter Shri Manibhai Desai, did remarkable work in the field of Cattle Development, Community Kitchen in drought affected states, establishment of Animal Health Laboratory facilities, programmes for Tribal Rehabilitation, Water & Land Resources Development etc. The sincere approach of BAIF under Arvindbhai's leadership evoked active responses from different State Governments and various organisations like NABARD who came forward to add to this movement.

Arvindbhai's long and illustrious career was studded with many awards and recognitions like Business Leadership Award by the Madras Management Association (1971), Indian Merchants Chamber Award (1975), Sir Jehangir Ghandy Gold Medal for Industrial Peace by XLRI, Jamshedpur, The Lions Humanitarian Award by the International Association of Lions Club (USA) for sight related activities, "Citizen of Bombay" award by the Rotary Club of Bombay etc.

We are truly indebted and grateful to Arvindbhai for his contributions to the growth of industry and the well being of society by being an exemplary leader who lived his entire life by his values.

We, in NOCIL, now dedicate ourselves to continue our journey on the path shown by him over these past decades.

May his soul rest in Peace!

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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-400072

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

INVESTORS' RELATION CENTRE

912, Raheja Centre
Free Press Journal Road
Nariman Point
Mumbai-400 021
Tel: 022-6613 4700
Fax: 022-2282 5484

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23 July 2012 to Tuesday, 31 July 2012.
2. Those shareholders who have yet not dematted their shareholding from physical to demat mode are requested to do so at the earliest.
3. The members are requested to quote their Folio Number /Client Id in all correspondence and also to notify immediately, change of address, if any, to the Registrar and Share Transfer Agents viz. 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.
8. Keeping in view the objective of "Green Intiative", the Annual Reports are being sent through electronic mode to those members who have registered their e-mail addresses with their Depository Participants/ or with the Company or with the Company's Registrar and Share Transfer Agents. Members who have not yet registered their e-mail addresses for receiving Annual Report, Notices and other documents in electronic mode are requested to register their e-mail address for the purpose.
9. Annual Report for Financial Year 2011-12 is being uploaded on the website of the Company viz. www.natocil.com for reference of the Members of the Company.

50th ANNUAL GENERAL MEETING

Date : 31 July 2012

Day : Tuesday

Time : 4.00 P.M.

Place : Rama Watumull Auditorium
K.C.College, Dinshaw Wacha Road,
Churchgate, Mumbai – 400 020.

CORPORATE INFORMATION

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	
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. Nandi	Vice President – Research & Development
A. Sivaraman	Assistant Vice President – Purchase
R. M. Desai	Assistant Vice President – Production & Personnel
N.D. Gangal	Assistant Vice President – QA & Analytical Research
Rakesh Srivastava	Assistant Vice President – Exports
Ashwin Bhende	Assistant Vice President – Technology

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 – 400 705, Maharashtra

CONTACT DETAILS

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

BANKERS

HDFC Bank Ltd.

Export-Import Bank of India

AXIS Bank Ltd.

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. Futher, SEBI, vide its circular Ref. No. CIF/CFD/DIL/2011 dated 5 October 2011, has directed listed Companies to supply soft copies of full Annual Reports to all those shareholders who have registered their e-mail addresses. Your Company being dedicated towards preserving and protecting environment, supporting 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

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 **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 and Circular Ref No. CIF/CFD/DIL/2011 dated 5 October 2011 by SEBI. 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 FIFTIETH Annual General Meeting of the Members of NOCIL Limited will be held at 4.00 p.m. on Tuesday, the 31 July 2012, at Rama Watumull Auditorium, K.C.College, Dinshaw Wacha Road, 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 2012 and the Balance Sheet as at 31 March 2012 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. N. Sankar 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. V.R. Gupte who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution, in respect of the vacancy caused by the retirement of Mr. Berjis Desai, who retires by rotation and has expressed his inability for re-appointment, which is not proposed to be filled up, as an Ordinary Resolution :

   "**RESOLVED THAT** Mr. Berjis Desai, who retires by rotation and has expressed his inability for re-appointment, be not re-appointed and that the vacancy caused thereby be not filled up."

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 2012-13, 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."

Registered Office:
Mafatlal House,
H.T.Parekh Marg,
Backbay Reclamation,
Churchgate, Mumbai-400 020.
Dated: 30 May 2012

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 itsRegistered Office not less than 48 hours before the Meeting.

2 The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 23 July 2012 to Tuesday, the 31 July 2012 (both days inclusive).

3. The dividend for the year ended 31 March 2012 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 31 July 2012. 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 6 August 2012.

4. 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 (IEPF) 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 IEPF or the Company in respect of individual amounts once credited to the said IEPF.

   Due dates for transferring unclaimed and unpaid dividends declared by the Company are as under :

Financial Year ended	Date of payment of dividend	Due date of transfer of unclaimed & unpaid Dividend
31 March 2006	7 August 2006	7 August 2013
31 March 2007	31 August 2007	31 August 2014
31 March 2008	28 July 2008	28 July 2015
31 March 2009	3 August 2009	3 August 2016
31 March 2010	5 August 2010	5 August 2017
31 March 2011	1 August 2011	1 August 2018

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

(In pursuance of Clause 49 of the Listing Agreement)

Mr. N.Sankar :	
Age & Qualifications:	66 Master Degree in Chemical Engineering from the Illinois Institute of Technology, Chicago, U.S.A.
Expertise in Specific Functional Areas	Mr. Sankar is the Chairman of The Sanmar Group, Chennai. The Sanmar Group is a global conglomerate with modern manufacturing facilities located in India, Egypt, The U.S. and Mexico and it is engaged in 25 businesses across the Chemicals, Engineering and Shipping Sectors
Directorships held in other Companies	1. Sanmar Holdings Ltd. 2. Sanmar Consolidations Ltd 3. Sanmar Overseas Investments AG 4. SHL Securities (Alpha) Ltd. 5. NK Trading & Consultancy Pvt. Ltd 6. NS Family Consolidations Pvt. Ltd. 7. NS Family Investments Pvt. Ltd. 8. N. Sankar Properties and Holdings Pvt. Ltd. 9. VS Trading & Consultancy Pvt. Ltd. 10. C.Sankar Trading & Consultancy Pvt. Ltd. 11. M. Sankar Trading & Consultancy Pvt. Ltd. 12. FL Smidth Pvt. Ltd. 13. SHL Research Foundation 14. Chennai Willingdon Corporate Foundation 15. Chennai Heritage
Memberships / Chairmanships of Committees of other Companies	NIL
Number of shares held in the company	NIL.
Disclosure of relationship	Mr. N.Sankar is not related to any Director of the Company.
Mr. V.R.Gupte:	
Age & Qualifications:	67 B. Com., Member of the Institute of Chartered Accountants of India.
Expertise in Specific Functional Areas	Mr. Gupte has more than 40 years experience at various companies in Finance, Legal and Commercial matters. He retired as Chief Executive Officer of our Company in July, 2005. Presently he is part of a Business Solutions Consultancy.
Directorships held in other Companies	1. Mafatlal Denim Limited. 2. World Tax Services India Pvt. Ltd.
Membership/Chairmanship of Committees of other Companies	Mafatlal Denim Ltd. Chairman- Remuneration Committee Member - Audit Committee
Number of shares held in the Company	600 (As Joint holder)
Disclosure of relationship	Mr. V.R.Gupte is related to Mr. C.R.Gupte Managing Director.

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

V.K.Gupte
Company Secretary

Registered Office:

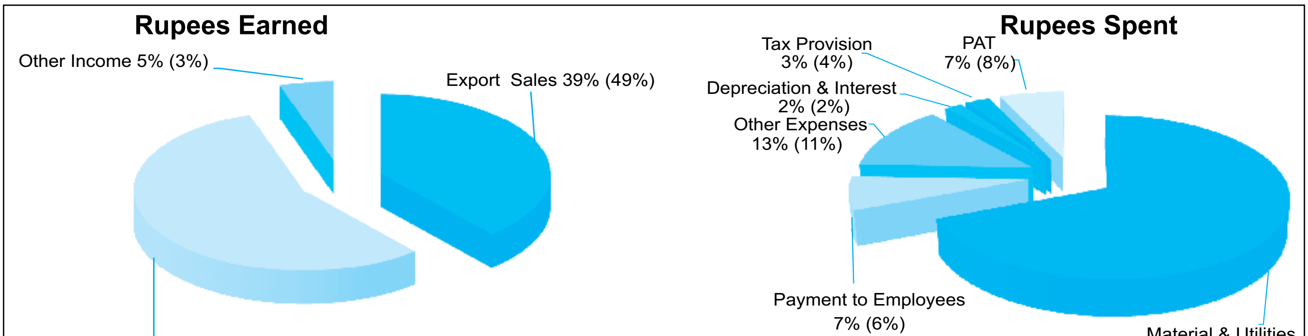
Mafatlal House,
H.T. Parekh Marg,
Backbay Reclamation,
Churchgate,
Mumbai 400 020.
Date : 30 May 2012

(₹ in lakhs)

SUMMARISED FINANCIAL DATA

Sr. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
	PROFIT & LOSS ACCOUNT					
1	Total Income	38988.49	47869.92	44607.69	45893.40	50473.65
2	Profit before Depreciation, Interest and Tax	2531.57	6619.33	5790.37	5610.94	5611.28
3	Interest	109.99	398.38	14.73	12.45	28.29
4	Depreciation	761.01	805.93	762.53	798.51	899.34
5	Profit before Exceptional Items	1660.57	5415.02	5013.11	4799.98	4683.65
6	Exceptional Items	-	-	-	-	22.45
7	Profit before Tax	1660.57	5415.02	5013.11	4799.98	4706.10
8	Profit after Tax	1120.75	3616.14	3402.68	3331.82	3399.06
9	Earning per share (EPS) ₹	0.70	2.25	2.12	2.07	2.11
10	Dividend (₹ per Share)	0.50	0.60	0.60	0.60	0.60
	BALANCE SHEET					
11	Net Fixed Assets	17449.17	10456.30	10300.46	12408.71	21263.82
12	Investments	1444.31	2483.13	2483.13	2483.13	2505.58
13	Other Assets (Net) *	19144.80	18704.50	19850.14	18209.88	19750.36
14	Borrowings (including short term borrowings)	4097.22	3148.23	1671.07	-	8045.88
15	Share Capital	16078.70	16078.70	16078.70	16078.70	16078.70
16	Free Reserves	7955.13	10442.61	12716.62	14927.20	17205.03
17	Total Net Worth	24033.83	26521.31	28795.32	31005.90	33283.73
18	Deferred Tax Liability/(Deferred Tax Asset)	1444.69	1974.39	2167.35	2095.82	2190.16
19	Book Value per Equity Share ₹ (17/no of shares) (Face value-₹10 per share)	14.95	16.49	17.91	19.28	20.70
20	Debt / Equity Ratio (14/17)	0.17	0.12	0.06	-	0.24
21	Operating EBIDTA (%) (2/1)	6%	14%	13%	12%	11%
22	Profit after Tax (%) (8/1)	3%	8%	8%	7%	7%
23	Return on Net Worth (%) (8/17)	5%	14%	12%	11%	10%
24	Return on Capital Employed (%) {2/(11+12+13)}	7%	21%	18%	17%	13%

* Other Assets are net of Current & Non Current Assets and Liabilities



(Figures in brackets indicate previous year)

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report together with the Audited Accounts of the Company for the year ended 31 March 2012.

FINANCIAL RESULTS		(₹ in crore)
Particulars	**For the year ended 31 March 2012**	**For the year ended 31 March 2011**
Profit before Depreciation, Interest and Taxation	56.11	56.12
Less: Depreciation	8.99	7.99
Less: Interest	0.28	0.12
Add: Exceptional Items	0.22	-
Profit before Tax	47.06	48.00
Provision for Taxation	13.07	14.68
Profit after Tax	33.99	33.32
Proposed Dividend	9.65	9.65
Tax on Dividend	1.57	1.57

PERFORMANCE OF THE COMPANY

The year under review was most challenging for the entire manufacturing sector. The business sentiment was most often negative and at best stable. The adverse news about some countries of European Union (EU) coupled with slowdown in the Automobile sector in India as well as most major markets in the world resulted in considerable fluctuations in supply of rubber chemicals to key customer accounts.

Despite this, the turnover of your Company for the year under review touched ₹513 crore as compared to ₹480 crore in the previous year, representing an increase of about 7%. The production of rubber chemicals and their intermediates was 37169 MT for the year under review as against 38264 MT, representing a marginal decrease of about 3% as compared to the previous year.

The growth in turnover, in volume terms in the domestic market was more or less flat as compared to the previous year. This was primarily due to the production cuts effected by our customers on account of the high and volatile price of natural and synthetic rubber for most part of the year. Continuing dumping and large imports of Rubber Chemicals at unrealistic prices also contributed to the lack of growth.

As mentioned last year, we initiated a Mid Term Review about the continued Dumping, more particularly concerning Imports sourced from Korea and also a Safeguards Petition for one of the main products of your Company against its imports from various countries. Whilst we are pleased to inform you that the concerned Authorities have upheld our contention about the dumped and injurious imports and have imposed Anti Dumping Duty/Safeguard Duty on the key products. However, due to further intensified aggressive pricing/dumping adopted by the concerned competitors, the expected improvement in the domestic off take and margins did not materialise. As a result, our capacity utilization for the year under review suffered and was in fact, somewhat lower than that of previous year.

Further, unlike during the previous slowdown in 2008, crude oil price has not shown any signs of softening and even today its price is over US $100 per barrel. Consequently, this has pushed up the prices of practically all our major inputs. Moreover, on some of the inputs, anti dumping and safeguard duties have also been levied. General inflationary conditions have added to this burden. To mitigate the effect of this burden, even though only partially, the Management of your company undertook various initiatives including that of better managed utilities through a more economic source of fuel (Natural Gas). Besides, efforts were also made to recover some of these cost increases by way of price corrections; however, these were only partially successful due to the continued stiff competition from various international competitors more particularly from China and Korea at totally unrealistic price levels.

EXPORTS

The adverse impact of the economic slow-down in the European economies due to sovereign debt related issues and the severe effect of the natural disaster in Japan affected overall Indian Industry export scenario. Your Company however, managed to maintain more or less similar volumes as those of the previous year. The export sales turnover of ₹ 195 crore was higher by about 8.20% as compared to ₹ 180 crore achieved in the previous year.

The downgrading of some of the European Countries by the rating agencies is likely to extend the recessionary trend further and some experts predict a larger and sustained weak trend in the global economy as a whole. Your company has however made efforts to tap newer markets due to which, despite these adverse conditions, we hope to achieve at least some growth in Export Sales Volumes in the coming year.

BUSINESS SCENARIO

The global economic scenario has shown some mixed signs and we therefore need to watch the developments in this regard carefully in the coming year.

The Rubber Chemicals market remains competitive and continued dumping by international suppliers into India remains a matter of serious concern.

Company's competitors from China, Korea and the European region continue to be very aggressive in low pricing of their products in the Indian Market. Your Company, in response to this aggressive approach, decided to selectively participate in markets where the prices were at less unrealistic levels. The Management, as a prudent policy feels, it is better to stay away rather than participate in contracts which are highly loss making propositions.

Despite these problems, your Board is pleased to convey that most of the domestic and international tyre customers continue to do healthy business with your Company for their regular requirements of rubber chemicals. Your Company enjoys a very good acceptance of its products with all its customers and they in turn have accepted the status of your Company as a dependable manufacturer of rubber chemicals with very high technological capabilities. The setting up of the new state of the art plant at Dahej will not only strengthen our relationship with all our major customers but is also expected to improve our competitiveness and our market share in the overall rubber chemicals market.

Certain recent international developments which have resulted in the restructuring of some of the capacities and closing down of operations by some of the company's competitors are likely to bring down the surplus supply of a few important rubber chemicals. This, we hope will correct the existing unrealistic pricing scenario for these products.

We would like to assure our shareholders that your company will continue to strike for improving its margins and its market share despite all odds with continued improvements in its manufacturing process, further optimizing its product mix and by offering a wider range of products to its customers through its technological strengths.

PROJECT

As mentioned in our last annual report, the new Project at Dahej is nearing completion and is expected to go on-stream by August 2012. We are pleased to inform you that the total expenditure committed on this project is well within the original sanctioned amount of ₹250 crores. We are also proud to mention that the entire project, right from the conceptualization stage to execution, was executed by your company's own team with no foreign technical know-how. Further you would be happy to learn the debt component of the project will be less than the originally earmarked amount.

Preliminary discussions have already been initiated by the company's Management with Major Domestic and International tyre companies for the product approvals necessary for the new Dahej plant. We are pleased to inform you that the response from these customers has been very positive.

FINANCE & RATING

We are happy to inform you that Mafatlal Industries Ltd., who owed your Company & its Subsidiary a sum of ₹21.85 crores have repaid the loan extended to them.

The Credit Rating Agency CARE, in their recent evaluation has upgraded our Credit Rating for Long Term Bank Borrowing from CARE A to CARE A+ and for Short Term Bank Borrowings from CARE A1 to CARE A1+ on the back of consistent performance of your company.

DIVIDEND

Your Directors are pleased to recommend payment of dividend of Re.0.60 per share of ₹ 10/- each (6%), on the equity share capital of the Company (previous year Re.0.60 per share of ₹10/- (6%). The dividend, together with the tax on Dividend, will absorb a sum of ₹11.22 crore (previous year ₹11.22 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 2005, hence during the year amount transferred to the Investor Education and Protection Fund was Nil.

FIXED DEPOSITS

As on 31 March 2012, fixed deposits amounting to ₹ 3 lakhs have not been claimed by the depositors from the Company. All these fixed deposits have matured on or before 31 March 2005 and accordingly the entire amount as it remained unclaimed since then, has 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 well established policy & norms for HSE and ensures their 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 that we 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. The company's decision to change the methodology of generating steam from liquid fuel to gas based is one such step implemented in field of "Green Chemistry". 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.

We are pleased to inform you all that the regulatory authorities at Dahej have complimented your Company for adopting and designing the best of HSE systems at the company's Dahej Plant right from the beginning.

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.

In line with the long term objectives of adopting world class quality systems, your Company decided to get itself certified for quality systems as prescribed under TS 16949 of the Automotive Sector. We are pleased to announce that your Company has now been certified for "Good Quality Systems" under the TS 16949 as well.

RESEARCH & DEVELOPMENT

As mentioned in our previous year's report, 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.

RISK ASSESSMENT AND MANAGEMENT

Your Company has a well defined Risk Management System in place as a part of its good Corporate Governance practices. 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. All the risks are identified at various departmental levels and suitable mitigation measures are thereafter adopted. These are subjected to a quarterly review by the Risk Co-ordination Committee as well as the Board.

Adequate internal controls, systems, and checks are 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. The Board has effective April 2012 appointed M/s. N. Aneja Assurance Pvt. Ltd., Chartered Accountants, to oversee the internal controls prevalent in the Company besides conducting internal audits.

During the year, the Company undertook the SAP – ERP Implementation programme and the same has gone live from April 2012.

SUBSIDIARY COMPANIES

We are pleased to inform you that Hon'ble Bombay High Court has approved the Merger of the two subsidiary companies viz. Ensen Holdings Ltd and Urvija Investments Ltd with PIL Chemicals Pvt Ltd. vide its order dated 2 December 2011 and Merger is effective from 28 December 2011 with appointed date as 1 April 2010.

The Audited Financial statements of the PIL Chemicals Pvt. Ltd have been prepared considering the financial impacts of the merger.

We are also pleased to inform you that PIL Chemicals Pvt Ltd, continued to record Profit before Tax in excess of ₹ 100 lakhs for the third consecutive year and has declared its second dividend for the year FY 2011-12.

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.

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 subsidiary viz. PIL Chemicals Pvt. Ltd. for the year ended 31 March 2012. Your Board of Directors in their meeting held on 30 May 2012 has by resolution also given consent for not attaching the Balance Sheet of the subsidiary Company for financial year 2011-12 and subsequent financial years. Shareholders interested in obtaining copies of annual reports of subsidiary company are requested to get in touch with the office of the Company Secretary.

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. The financial statements have been prepared as per revised Schedule VI issued by the Ministry of Corporate Affairs. The previous year figures have been recast in accordance with the revised Schedule VI of the Companies Act, 1956.

PERSONNEL

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

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

The Board of Directors places on record its immense loss on the sad demise of Mr. Arvind N. Mafatlal, Founder and Chairman Emeritus of the company, and is truly indebted and grateful for his lifetime contribution to the company as well as to the growth of Indian Industry and the well being of weaker sections of Indian Society.

At the forthcoming Annual General Meeting, Mr. V.R. Gupte and Mr. N. Sankar retire by rotation pursuant to Article 145 of the Articles of Association of the Company. Being eligible, they offer themselves for reappointment.

Mr. Berjis Desai, Director, retires by rotation at the ensuing Annual General Meeting of the Company and has expressed his inability to seek re-appointment. The Company does not intend to fill the vacancy caused by the retirement of Mr. Berjis Desai.

The Board of Directors places on records its sincere appreciation of the valuable contribution made by Mr. Berjis Desai during his tenure as Director.

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 2012 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. Accordingly, your Board sanctioned a sum of ₹ 15 lakhs by way of a donation to Shri Sadguru Seva Sangh Trust which continues to offer unique health care services to the poorer sections of the society by performing about 1,20,000 eye surgeries free of cost every year. 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 is 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.

COST AUDITORS

In terms of the MCA Circular No. 52/26/CAB-2010 dated 24 January 2012 the Company is now required to carry out Cost Audit effective from 1 April 2012 and to comply the requirements, the Audit Committee has appointed Kishore Bhatia and Associates, Cost Auditors holding Firm Registration No. 00294 to carry out Cost Audit of the Company for the financial year 2012-13 and their appointment is subject to approval of the Central Government, Ministry of Corporate Affairs, New Delhi.

The Cost Auditor has given a Certificate to the effect that the appointment, if made, will be within the prescribed limits specified under section 224(1B) of the Companies Act,1956.

The Audit Committee has obtained a certificate from the Cost Auditor certifying his independence and arm’s length relationship with the Company.

GREEN INITIATIVE

Your Directors would 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 once again 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, and 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

Place : Mumbai — **Hrishikesh A. Mafatlal**
Date : 30 May 2012 — **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 31-03-2012	27,96,200
(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 31-03-2012	8,80,900
(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	27,96,200
(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.	₹ 90.78 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	₹ 16.65 per share
	(ii) Weighted average fair value (black scholes model)	₹ 9.02
(n)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	
	Variables	
	a) Risk-free rate	7.83 %
	b) Expected Life	6.25 years
	c) Volatility expected	57.58 %
	d) Expected Dividend	2.32 %
	e) Exercise Price	₹ 25.35, ₹ 23.40, ₹ 20.60 and ₹ 16.65

* 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	13,46,000
2. Mr. S.R. Deo	Senior Vice President- Technical	5,37,400
3. Mr. R.M. Gadgil	Senior Vice President- Marketing	5,17,400
4. Mr. P. Srinivasan	Vice President- Finance	3,95,400
		27,96,200

Note:

All the grants are being given at the price of equity shares of the company on the day prior to the date of grant. Hence there is no impact on account of grant of ESOP in the statement of Profit and Loss.

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 2012.

CONSERVATION OF ENERGY

a) Energy conservation measures taken in 2011-12

1. Fuel switch from liquid fuel to Natural Gas has resulted in savings of ₹202 lakhs per annum on annualized basis.
2. Installation of 500 cfm screw air compressor has resulted in electrical energy saving of ₹ 3 Lakhs per annum on annualized basis.
3. Condensate recovery from Fluidized bed dryer in process plant has resulted in fuel, water saving of ₹4 lakhs per annum on annualized basis.
4. Replacement of process pumps by energy efficient pumps in Accelerators plant resulted in electrical energy saving of ₹3 lakhs per annum on annualized basis.
5. Replacement of existing steam jet ejector by energy efficient ejector has resulted in steam saving equivalent to ₹6 lakhs per annum on annualized basis.
6. Modification of cooling system of air compressor has resulted in saving in electrical energy equivalent to ₹3 lakhs per annum on annualized basis.
7. Operational control in chilled water pumping system has resulted in electrical energy saving of ₹7 lakhs per annum on annualized basis.

b) Energy conservation measures to be taken in 2012-13

1. Replacement of existing process pumps in the plant will result in electrical energy savings of ₹2 lakhs per annum.
2. Variable Speed Drive on chilled water supply pump will result in electrical energy savings of ₹7 lakhs per annum.
3. Efficient feed water pumping system for steam boiler will result in electrical energy savings of ₹5 lakhs per annum.
4. Replacement of existing process water pump in utilities section by more efficient pump will result in electrical energy saving equivalent to ₹ 3 lakhs per annum.

FORM - A

Disclosure of particulars with respect to conservation of energy

A		POWER AND FUEL CONSUMPTION		2011-12	2010-11
	1.	**ELECTRICITY (FOR MANUFACTURING)**			
		(a) Purchased			
		Unit	MWH	23675.28	25025.24
		Total amount	₹ Lakhs	1569.93	1416.69
		Rate/Unit (average)	₹/KWH	6.63	5.66
		(b) Own Generation			
		(Through Diesel Generator)			
		Unit	MWH	12	14
		Unit/MT of Diesel Oil	MWH	3.65	3.52
		Fuel Cost/Unit	₹/KWH	12.26	12.72
	2.	**FUEL (FOR MANUFACTURING)**			
		a) Coal			
		Quantity	MT	20346.94	20857.28
		Total Cost	₹ Lakhs	1134.28	898.93
		Average rate	₹/MT	5575	4310
		b) Furnace Oil			
		Quantity	MT	1207.86	3568.72
		Total Cost	₹ Lakhs	426.22	948.44
		Average rate	₹/MT	35287	26576
		(c) Low Sulphur Heavy Stock (LSHS)			
		Quantity	MT	1468.30	2229.37
		Total Cost	₹ Lakhs	570.75	644.21
		Average Rate	₹/MT	38871	28896
		(d) Piped Natural Gas (PNG)			
		Quantity	M3	2646.719	-
		Total Cost	₹ Lakhs	695.73	-
		Average Rate	₹M3	26287	-
B		**CONSUMPTION PER UNIT OF PRODUCTION**			
		Electricity	MWH/MT	0.76	0.76
		Fuel/LSHS	MT/MT	0.05	0.07
		Furnace Oil	MT/MT	0.04	0.11
		Coal	MT/MT	0.65	0.63
		Piped Natural Gas	M3/MT	0.08	-

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:**
   a) Detailed study of current manufacturing Process Technologies.
   b) Development of new products and processes to meet current market needs & challenges as well as the emerging ones.
   c) Generating scale-up data both in Laboratory and Pilot plant.
   d) Develop an effective IPR system.
2. **Benefits derived as a result of R & D:**
   a) Improvement in product quality, better productivity and reduced raw material & energy consumption.
   b) Commercialization of some of the processes from basic level which are under implementation.
   c) Improved waste management.
   d) Patented some of the innovations.
3. **Future Plans:**
   a) Continuous improvement in line with green chemistry principles to develop cleaner processes as well as to meet the competitive challenges in Market place.
   b) Development of new product and processes in view of long term sustainability in business, emerging Market needs and better economics.

4. Expenditure on R & D

(₹ in Lakhs)

	2011-12	2010-11
Capital	68.95	69.47
Recurring	267.67	272.52
Total	336.62	341.99
Total R&D expenditure as % to Total turnover	0.66	0.71

B. TECHNOLOGY ABSORPTION

Efforts in brief made towards technology absorption

1. A new effluent treatment process was developed in the laboratory which is being implemented after scrutiny in pilot plant to recover valuable chemicals and implement company's mission of moving towards green chemistry.
2. Process modifications in existing plants, after thorough pilot plant trials, to improve plant capacities and usages without any additional hardware.
3. Efforts to change the existing batch processes into continuous processes to upgrade the existing / new plant efficiencies with consistent product quality.

Benefit derived as a result of above efforts:

1. Some of the R&D efforts have been translated into brand new processes for our products & have also resulted into our filing patents for the same.
2. Capacity enhancement through process debottlenecking has resulted into substantial reduction of energy inputs.
3. Movement towards green chemistry has resulted into reduction in hydraulic and chemical load of Effluent treatment plant though the production volumes have increased. This has also resulted into conservation of water.
4. Improvements in raw material usages were achieved due to process modifications.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Foreign exchange used	₹ in crore
i)	Raw materials, stores and spare parts, Capital goods and other products	129.40
ii)	Expenditure in foreign currency	1.26
	Foreign Exchange Earned	
	Export of goods on FOB basis, Commission and Service Charges.	194.40

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30 May 2012

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 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 also adopted the Code of Conduct for the Directors and senior management personnel. The Company also has a Code for Prevention of Insider Trading for the Directors and the designated employees of the Company.

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 custome.

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 Director has any other material pecuniary relationship or transaction with the Company, its Promoters, its Directors, its Senior Management which, in their judgment, would affect their independence.

   All Directors are professional 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.

   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 31-03-2012	No. of Board meetings attended during FY 2011-12	No. of Directorship in Public Companies as on 31-3-2012	No. of Board Committee Membership held in Public Companies as on 31-3-2012*		Attendance at last AGM held on 27th July, 2011**
						Chairman	Member	
1.	Hrishikesh A. Mafatlal	Chairman – Non-Executive-Promoter Group Director	39900	6	9	1	3	Yes
2.	Vishad P. Mafatlal	Non-Executive-Promoter Group Director	200	5	7	-	1	Yes
3.	Rohit Arora	Non-Executive Independent Director		4	3	1	2	No
4.	Berjis Desai $	Non-Executive Independent Director		NIL	11	2	10	No
5.	V.R. Gupte	Non-Executive Director	600 #	5	2	-	2	No
6.	N. Sankar	Non-Executive Independent Director		2	4	-	1	No
7.	C.L.Jain	Non-Executive Independent Director		5	5	2	4	Yes
8.	D. N. Mungale	Non-Executive Independent Director		5	8	2	7	Yes
9.	P.V.Bhide	Non-Executive Independent Director		5	7	2	4	Yes
10.	C.R. Gupte	Managing Director.	600 #	6	1	-	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.

\# Shares held as Joint holders.

$ Expressed his inability for re-appointment at the ensuing Annual General Meeting

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	30 May 2011	10	7
2	27 July 2011	10	6
3	21 October 2011	10	9
4	21 December 2011	10	6
5	24 January 2012	10	8
6	13 March 2012	10	7

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 Ninth Annual General Meeting was held on 27 July 2011.

Pursuant to requirements of Clause 49 of 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 fixation of their remuneration.

g. Recommending the appointment of Cost Auditors in compliance with the Companies (Cost Audit Report) Rules, 2011 and ensuring that the Cost Auditor is free from any disqualifications as specified under section 233B(5) read with sections 224 and 226(3) & (4) of the Companies Ac, 1956 and obtaining certificate from the cost Auditors certifying his/its independence and arm's length relationship with the Company.

Mr. C.L.Jain, is the Chairman of the Audit Committee and was present at the Annual General Meeting held on 27 July 2011.

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

Name of Members	Category	No. of Meetings attended during the year 2011-12
Mr. C.L.Jain, Chairman	Independent, Non-Executive	4
Mr. N.Sankar	Independent, Non-Executive	2
Mr. Rohit Arora	Independent, Non-Executive	2
Mr. D.N.Mungale	Independent, Non-Executive	3
Mr. V.R.Gupte	Non-Executive	3

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

30 May 2011, 27 July 2011, 21 October 2011 and 24 January 2012.

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 term of M/s Borkar & Muzumdar, Chartered Accountants as Internal Auditors expired on 31 March 2011 and the Board of Directors on recommendation of Audit Committee has appointed M/s. Aneja Assurance Pvt. Ltd., Chartered Accountant as Internal Auditors w. e. f. 1 April 2012 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 Listing Agreement of the stock exchanges.

4. Share Transfer Committee

The Board of Directors in their meeting held on 13th March, 2012, has reconstituted the Share Transfer Committee w.e.f. 1 April 2012 by delegating the authority for approval of Share Transfers and other related matters to Mr. H.A. Mafatlal, Chairman, Mr. C.R.Gupte, Managing Director, Mr. P. Srinivasan, Vice President (Finance) and Mr. V.K.Gupte, Company Secretary.

The Committee approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding Transmission / Consolidation /Split of Share Certificates etc. The Committee normally meets twice a month to approve the share transfers and other related matters and report the same by circulation of Minutes to the Board. The Company's Registrar and Share Transfer Agents verifies transfer deeds and other related documents of cases of Transmission / issue of Duplicate Share Certificates and recommends the same for approval of the Committee.

Earlier, members of Share Transfer Committee were Mr. Berjis Desai, Chairman, Mr. H. A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte.

5. Investors' Grievance Committee

The Board of Directors in their meeting held on 30 May 2012, reconstituted the Committee and the members are Mr. D.N.Mungale, Chairman, Mr. Hrishikesh A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte.

The earlier committee comprising of Mr. Berjis Desai, Chairman, Mr. Hrishikesh A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte and was used to meet 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.

As the Investors' Grievances are being very limited and of routine nature, the Board of Directors in their meeting held on 13 March 2012, has directed to the Committee effective from 1 April 2012, to have meetings quarterly / half yearly or as may deemed fit, instead of every month and report the same by circulation of Minutes to the Board.

The Company received 2 complaints from shareholders in 2011-12 and all the complaints were resolved to the satisfaction of the investors.

As on 31 March 2012, there were 10 transfers and 8 Demat cases pending. These demat and transfers were processed and approved on 4th April 2012. Most of the complaints were routine in nature i.e Non-receipt of Annual Report , Dividend, Duplicate Share Certificates, Share Certificates after Transfer / Transmission /Consolidation / Split 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 Top 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
Mr. Rohit Arora	Independent, Non-Executive
Mr. N.Sankar	Independent, Non-Executive
Mr. D.N.Mungale	Independent, Non-Executive

Remuneration Committee met on 23 March 2011, approved grant of Employees Stock Options and remuneration payable to Senior Management Personnel for financial year 2011-12 and hence no separate meeting was held during the financial year 2011-12.

Remuneration Policy

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

1. Responsibilities and performance of the Senior Management Executives.
2. Present Employment scenario.
3. Remuneration package of the industry to which company belongs to and that of other industries.

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	134.00	19.96	25.83	179.79

The Remuneration Committee in their meeting held on 23 March 2011 granted 4,63,000 Stock Options under Employees Stock Options Scheme effective from 1 April 2011 for FY 2011-12. Stock Options are issued at exercise price being the closing price of equity shares on Bombay Stock Exchange for the previous day of date of grant. The exercise period would commence one year from the date of grant and will expire on completion of ten years from the date of grant of options.

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 2011-12 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	0.60	3.50	4.10
Berjis Desai	-	3.50	3.50
V.R. Gupte	0.80	3.50	4.30
N. Sankar	0.40	3.50	3.90
C.L.Jain	0.90	3.50	4.40
D. N. Mungale	0.80	3.50	4.30
P.V.Bhide	0.50	3.50	4.00

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 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
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.
2010 - 2011	27 July 2011	Patkar Hall, 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
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
27 July 2011	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.
- Further the Company has complied with the provisions of Remuneration Committee which forms part of non-mandatory requirements 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 shares 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 : 31 July 2012 at 4.00 p.m.

Venue : Rama Watumull Auditorium K.C.College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.

iii) **Financial Year of the Company** :

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

Financial reporting for FY 2012-13 (Indicative) :

Quarter ending on June 2012	:	31 July 2012
Half year ending on September, 2012	:	end of October 2012
Quarter ending on December, 2012	:	end of January 2013
Year ending on March, 2013	:	May, 2013
Annual General Meeting (2012-13)	:	July / August, 2013

iv) Date of book closure

Monday, 23 July 2012 to Tuesday, 31 July 2012 (both days inclusive)

v) Dividend Payment Date

On 6 August 2012 (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 2012-13.

vii) Demat information

The shares of the Company were brought under compulsory demat mode with effect from 29 May 1999. As on 31 March 2012 about 96.70 **%** shareholding representing 155475487 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

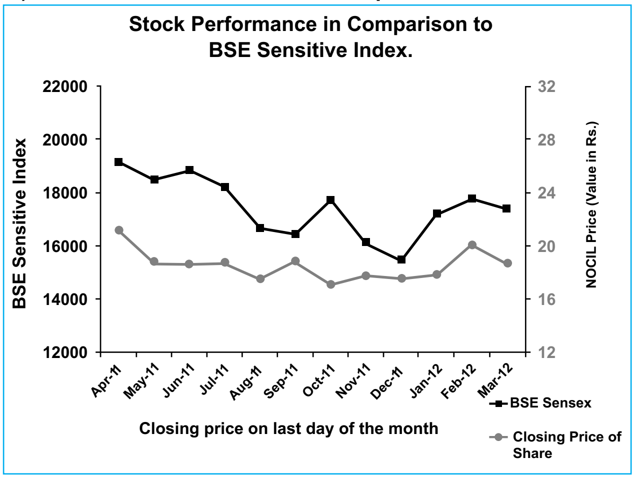
viii) Stock market data

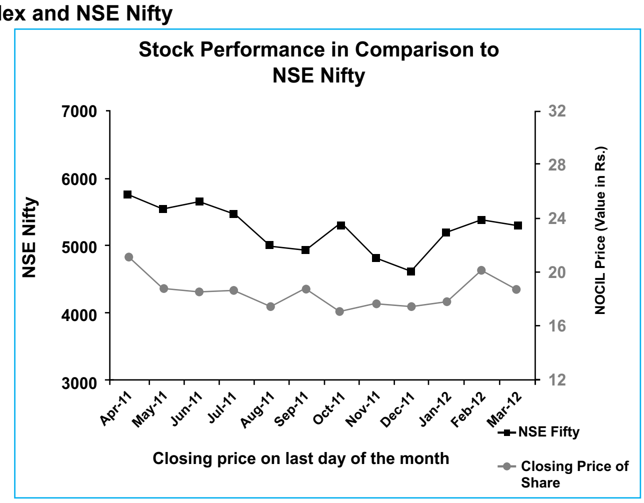
The monthly high/low quotation of shares traded on Bombay Stock Exchange and National Stock Exchange is as follows:

(Figures in ₹)

Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
Month	**High**	**Low**	**Month**	**High**	**Low**
April, 2011	21.20	16.55	April, 2011	21.15	16.45
May, 2011	18.80	16.05	May, 2011	18.85	14.70
June, 2011	18.60	15.55	June, 2011	18.60	15.70
July, 2011	18.75	16.80	July, 2011	18.70	16.75
August, 2011	17.55	14.55	August, 2011	17.55	14.40
September, 2011	18.85	15.50	September, 2011	18.75	15.25
October, 2011	17.10	15.30	October, 2011	17.15	15.10
November, 2011	17.75	15.50	November, 2011	17.70	15.45
December, 2011	17.55	15.00	December, 2011	17.45	15.05
January, 2012	17.85	15.05	January, 2012	17.80	15.00
February, 2012	20.05	16.85	February, 2012	20.10	16.80
March, 2012	18.70	16.20	March, 2012	18.75	16.10

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





x) Registrar and Share Transfer Agents :

M/s Sharepro Services (India) Pvt. Ltd. act as 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 30 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 2012**

No. of Equity shares held	No. of share-holders	% of share-holders	No. of shares held	% of shareholding
Up to 500	112434	80.59	20566666	12.79
501 to 1000	14641	10.49	12508526	7.78
1001 to 2000	6496	4.66	10299305	6.41
2001 to 3000	2091	1.50	5477747	3.41
3001 to 4000	910	0.65	3345745	2.08
4001 to 5000	917	0.66	4442346	2.76
5001 to 10000	1177	0.84	9013903	5.60
10001 and above	850	0.61	95132742	59.17
TOTAL	**139516**	**100.00**	**160786980**	**100.00**

xii) **Shareholding pattern as on 31 March 2012**

Sr No.	Category	No. of shares held	% of shareholding
1	Indian Promoters	**58950598**	**36.66**
2	Mutual funds	**10920**	**0.01**
3	Banks, financial institutions, insurance companies, etc.	**8317370**	**5.17**
4	NRI's / OCBs / FIIs	**2562121**	**1.59**
5	Private corporate bodies	**12120444**	**7.54**
6	Indian public	**78825527**	**49.03**
	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 Number : 022 – 66730551-4

xv) **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
Email : 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 2012.

Place : Mumbai
Date : 30 May 2012

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 2012 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)

Place : Mumbai
Date : 30 May 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

The Indian Economy on account of inflationary pressures coupled with rising interest rates experienced a lower growth in comparison to the previous years. The sensex witnessed a dip of 10% - 11% in comparison to the levels which prevailed at the beginning of the financial year. On the other hand, the price of Crude Oil did not experience such corresponding dips. India, being a large importer of Oil, suffered heavily and this along with various other negative macroeconomic factors resulted in significant depreciation of the Rupee vis-a-vis US Dollar. Over the financial year the Rupee has depreciated by about 20% - 25% . The ballooning trade deficit and the current account deficit also put significant pressure on the exchange rate. Adverse news from EU also affected growth in that market. In light of the above, RBI has taken the first step in cutting down key interest rates which are expected to help the Indian economy.

Rubber Chemicals Industry

In view of the slow- down on the economic front the world over and its corresponding impact on Automobile / Tyre Industry across the globe, the rubber chemicals business experienced very challenging conditions during the year. With high natural / synthetic rubber prices and the slowing down in end-product demand, customers, both from the Tyre as well as the Non-Tyre segments, undertook production cuts at periodic intervals. This did impact the demand for rubber chemicals adversely, as the same is directly dependent on performance of the rubber processing industries. The resultant mismatch in supply and demand of certain key rubber chemicals, impacted their selling prices, resulting in pressure on margins. Cost increases on account of various inputs for rubber chemicals, aggravated the situation further. Despite this, your Company managed to retain its volumes at the previous year's levels on both domestic as well as on the international front, through its wide range of products and well diversified customer base.

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. The Company is currently in the final stage of completing its expansion project at Dahej in the State of Gujarat. 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 setting up of additional production facilities will enable your Company to capture a higher market share out of additional production volumes.

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 in addition to improving their performance.

Business Outlook: Opportunities and threats

The Company is continually working towards achieving further improvements in the quality of its products as well as in technological and operational efficiencies of its manufacturing processes. It also strives to develop new products to improve 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 emerging needs of its customers and the environmental challenges of the future.

The objective behind the expansion project at Dahej is to create a long term commercial and technological advantage for our business. The first phase of the project is in the final stage of completion and is expected to go on-stream by August 2012. The additional capacity will enable the Company to participate more aggressively due to the cost competitiveness arising out of a vastly superior process technology, which will enable it to capture additional market share.

The presence of multiple input sources around Dahej, in addition to the logistical advantage of this location, will further enhance the cost competitiveness and will also enable the Company to mitigate the risk arising out of single-source dependence for certain inputs. Thus, the plant location in Dahej is also expected to give much greater opportunity to the Company to improve its operating margins for new products which are proposed to be developed through advanced in-house technology.

The recent news of restructuring of rubber chemicals business of some international competitors and the closing down of capacities of certain key intermediates and products by some others is expected to largely neutralise the imbalance in the global supply demand scenario of rubber chemicals in the medium term. The pricing scenario of rubber chemicals, accordingly, is likely to undergo a positive change with the reduction in the global supply position. However, in the short term, due to the pressure of liquidating inventories and quick exit from rubber chemical business by some competitors, we are likely to experience unrealistic low prices from them. The Indian Government authorities have also justifiably imposed Anti-dumping duties and Safeguard Duty on certain key products, which to some extent, protects domestic pricing from dumped imports. Besides, your Company will continue to strive for improvement in the market share of rubber chemicals by optimising the product mix and offering wide range of products to its customers. Your Company is one of the few players in the rubber chemicals business, offering such a wide range of products to the end users.

On the other hand, the continuing aggressive export promotion policies of China & Korea, aided by the undervalued Chinese currency and the continued dumping of unrealistically priced rubber chemicals from China, S. Korea and Europe into India, continues to remain a matter of concern as these may adversely impact our capacity utilisation and margins.

Performance of the Year

The adverse business sentiments coupled with slowdown in the domestic Automobile sector resulted in fluctuating demand for rubber chemicals from key customer accounts. The continued dumping by our competitors from China, Korea and Europe further aggrevated this situation. Despite this, we succeeded in maintaining our volumes more or less of the same levels as in the previous year. The turnover witnessed an increase of nearly 7% in value terms with an improvement in selling prices of some of our products. These were necessitated on account of steep increase in our input costs, which to some extent, we managed, to pass on to the customers. Our Export business too has not been able to witness any growth due to the uncertain and fragile nature of the economic situation in the developed markets, more particularly in the European markets.

Risks and concerns

Periodic assessment across the Company is undertaken to identify and thereafter prioritize significant risks. Owners are identified for all such risks and are assigned the responsibility to develop and deploy mitigation strategies. These are subjected to a quarterly review by a Risk Co-ordination Committee as well as the Board.

The Domestic Market for Rubber Chemicals has of late shown a marginal growth in volume terms on the back of expansion plans of the Tyre Industry. Overall, export market has been flat in volume terms, largely due to unfavourable conditions that prevailed in certain European economies and the effect of the natural disaster in Japan. Locally, the bias truck and bus tyre market, a traditional mainstay, is showing signs of weakness. Rubber chemicals imports at unrealistically low prices dumped from China, Korea and some European countries continue to impact our domestic pricing and are a matter of serious concern.

Prices of key inputs required for manufacture of Rubber Chemicals have been steadily rising and this has become a major concern. The Company has been taking all the necessary steps to minimise the impact of these cost escalations by entering into periodical bookings with its vendors, at opportune times.

The Company has tried improving its selling prices whenever possible and reduce the impact of some of the input cost increases within limitations of the competitive scenario.

Financial performance – operational performance

Summary of financial performance of the Company is presented below: **(₹ in crore)**

Particulars	F.Y. 2011-12	F.Y. 2010-11
Net Revenues	483.36	452.81
Other Income	21.38	6.12
Total Income	504.74	458.93
Earnings Before Interest, Depreciation and Tax	56.11	56.12
Profit Before Tax	47.06	48.00
Profit after Tax	33.99	33.32

During the year under review, the Company achieved a profit before tax of ₹ 47.06 crores as compared to ₹ 48.00 crores in 2010-11. The Sales Volumes increased by 1%. The Production Volumes (including Intermediates captively consumed) witnessed a marginal dip of 3% as compared to the previous year. Thanks to an overall consistent operational performance coupled with well managed liquidity position, the Company's rating was upgraded for Long Term borrowing facilities from CARE A to CARE A+ and for Short Term borrowing facilities from CARE A1 to CARE A1+.

The current trend for rupee is in a weak mode and the overall economic sentiment does not appear very positive. We therefore propose to mitigate this situation by settling all import payments out of our export earnings (subject to RBI rules/restrictions).

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.
- A robust ERP system (SAP) connecting Plant, Regional Sales Offices and Head Office enables integrity of data and flow of MIS.

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 prevailing in the country, our focus during the year, was on enhancing capabilities of our existing workforce. In order to ensure employee motivation and confidence level which would enable the Company to face the current challenges and seize future opportunities, various initiatives were taken.

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 in which they need improvement. The Company undertakes regular training programmes for development of employee skills.

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

The Company complies 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. Regular programmes are therefore held on safety awareness, fire fighting and first aid, apart from other development programmes.

The Company had 231 management employees at Thane and Dahej, including trainees, and 199 non-management employees across its locations towards the close of the financial year under review. Industrial relations remained cordial during the year.

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 expressed 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, fluctuating in forex rates, 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 2012, the Statement of Profit and Loss 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 the 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 misstatements. 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 2012;
      (ii) in the case of the Statement of Profit and Loss, 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 of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31 March 2012 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2012 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 2012

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), (xii), (xiii), (xiv), (xv), (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 of inventories held by such third parties have been received.
   b) In our opinion and according to the information and explanations 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 ₹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, Employees State Insurance, 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 Provident Fund, Employees State Insurance, Income-tax, Wealth-tax, Sales-tax, Service tax, Custom duty, Excise duty, Cess, Investor Education and Protection Fund and any other material statutory dues in arrears as at 31 March 2012 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 and Excise Duty which have not been deposited as on 31 March 2012, 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	233.79 25.63 2,555.11 2.34	1985–86 1990-91 2003-2004 2008-09	Assistant Commissioner Assistant Commissioner Commissioner Appeals Commissioner Appeals
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Sales Tax	127.40 86.88 174.64 9.82 371.15 24.98	1986-88, 1998-2000, 2001-2005 1986-87, 1988-89, 1992-98, 2000-2005 1980-83, 1988-90, 1995-96, 1999-2002 2003 – 2004 1994-1999, 2003-04 1990-91, 1993-95	Sales Tax Officer Assistant Commissioner Appeals Deputy Commissioner Appeals Joint Commissioner Appeals Appellate Tribunal High Court
The Custom Act,1962	Custom Duty	718.77	1998 to 2000 & 2004	CESTAT
The Central Excise Act,1944	Excise Duty	62.33 58.83 8.44 23.51	1994 – 1996 1991-1999, 2002 1994 – 1998 1992, 1997, 2008	Additional Commissioner Appeals Commissioner Appeals Deputy Commissioner CESTAT

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

11. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

12. To the best of our knowledge and belief and according to the information and explanations given to us, no 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
Date : 30 May 2012

BALANCE SHEET AS AT 31 MARCH 2012

(₹ in Lakhs)

	Note No.	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	**2**	16,078.70	16,078.70
(b) Reserves and Surplus	**3**	17,205.03	14,927.20
(2) Non-Current Liabilities			
(a) Long-term borrowings	**4**	7,500.00	-
(b) Deferred tax liabilities (Net)	**29.b**	2,190.16	2,095.82
(c) Long term provisions	**5**	1,810.88	1,731.55
(3) Current Liabilities			
(a) Short-term borrowings	**6**	545.88	-
(b) Trade payables	**7**	6,759.66	7,516.01
(c) Other current liabilities	**8**	1,665.06	1,013.39
(d) Short-term provisions	**9**	1,263.51	1,186.40
TOTAL		**55,018.88**	**44,549.07**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	**10**	7,021.70	7,417.25
(ii) Intangible assets	**10**	386.85	431.72
(iii) Capital work-in-progress		12,655.33	3,456.10
(iv) Intangible Assets under development		123.30	65.84
(b) Non-current investments	**11**	2,505.58	2,483.13
(c) Long term loans and advances	**12**	3,039.47	5,198.42
(2) Current assets			
(a) Inventories	**13**	11,391.51	10,665.19
(b) Trade receivables	**14**	10,379.49	8,667.53
(c) Cash and cash equivalents	**15**	3,506.76	4,325.28
(d) Short-term loans and advances	**12**	3,998.82	1,739.26
(e) Other current assets	**16**	10.07	99.36
TOTAL		**55,018.88**	**44,549.07**
Significant accounting policies	**1**		
The accompanying Notes 1 to 40 are an integral part of the financial statements			

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

Rohit Arora
P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
D.N.Mungale
N. Sankar
Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
I	Sale of products	17	51,308.06	47,983.15
	Less: Excise Duty		3,447.86	3,186.52
			47,860.20	44,796.63
	Other operating revenues	17	475.76	484.53
	Revenue from operations		48,335.96	45,281.15
II	Other Income	18	2,137.69	612.24
III	**Total Revenue**		**50,473.65**	**45,893.39**
IV	**Expenses**			
	(a) Cost of materials consumed	19.a	29,929.83	27,698.26
	(b) Purchases of stock-in-trade	19.b	264.89	215.67
	(c) Changes in inventories of finished goods,	19.c	(708.68)	(1,651.30)
	work-in-progress and stock-in-trade			
	(d) Employee benefits expense	20	3,441.51	2,919.53
	(e) Finance costs	21	28.29	12.45
	(f) Depreciation and amortisation expense	10	899.34	798.51
	(g) Other expenses	22	11,934.82	11,100.30
	Total Expenses		**45,790.00**	**41,093.42**
V	**Profit before exceptional items and tax (III-IV)**		**4,683.65**	4,799.97
VI	Exceptional item		22.45	-
	- Diminution in value of investment, reversed (Refer Note 11)			
VII	**Profit before tax (V+VI)**		**4,706.10**	**4,799.97**
VIII	**Tax expense:**			
	(a) Current tax	29.a	1,212.70	1,539.69
	(b) Deferred tax		94.34	(71.53)
			1,307.04	**1,468.16**
IX	**Profit for the year (V-VI)**		**3,399.06**	**3,331.81**
X	**Earnings per equity share (of ₹ 10/- each) :**	30		
	(a) Basic (in ₹)		2.11	2.07
	(b) Diluted (in ₹)		2.11	2.07
Significant accounting policies		1		
The accompanying Notes 1 to 40 are an integral part of the financial statements				

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

Rohit Arora
P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
D.N.Mungale
N. Sankar
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

		For the year ended 31 March 2012	For the year ended 31 March 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Profit before tax	**4,706.10**	**4,799.98**
	Adjustments for :		
	Depreciation	899.34	798.51
	Obsolete fixed assets written off	22.98	67.66
	Loss on sale of fixed assets (net)	5.39	0.42
	Income from Long Term Investments	(112.29)	(139.64)
	Interest on Deposits, Overdue receivables and others	(2,012.74)	(344.67)
	Interest expenses	28.29	12.45
	Provision for doubtful debts/advances made in previous years written back	-	(6.32)
		(1,169.03)	388.42
	Operating profit before working capital changes	**3,537.07**	**5,188.40**
	(Increase)/decrease in working capital		
	Inventories	(726.32)	(2,399.72)
	Trade receivables	(1,711.96)	(49.83)
	Short term loan and advances	(2,259.56)	237.87
	Long-tern loan and advances	(105.99)	(278.74)
	Other current assets	89.29	(1.31)
	Trade payables	(756.35)	1,465.18
	Other current liabilities	118.84	431.75
	Long -term provisions	79.33	(136.74)
	Short term provisions	77.11	(85.57)
	Earmarked Bank account - unpaid dividend account	(19.68)	(18.47)
		(5,215.29)	**(835.58)**
	Cash (used in) / generated from operations	(1,678.22)	4,352.82
	Taxes paid	(1,009.69)	(1,857.50)
	Net Cash (used in) / generated from operating activities	**(2,687.91)**	**2,495.32**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets including capital work in progress	(9,267.25)	(2,909.83)
	Loans recovered	2,094.00	2,004.41
	Sale proceeds of fixed assets	5.96	3.70
	Interest received	2,012.74	344.67
	Dividend received	96.59	139.64
	Net Cash used in investment activities	**(5,057.96)**	**(417.41)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Repayment of short term loan	-	(1,671.07)
	Proceeds from long-tern borrowings	7,500.00	-
	Proceeds from short-tern borrowings	545.88	-
	Unclaimed Matured Deposits paid	(8.36)	(8.34)
	Interest paid	(28.29)	(12.45)
	Dividend paid	(945.04)	(946.25)
	Dividend tax paid	(156.51)	(163.95)
	Net Cash generated from / (used in) financing activities	**6,907.68**	**(2,802.06)**
	Net decrease in cash and cash equivalents	**(838.20)**	**(724.15)**
	Opening balance of cash and cash equivalents	**4,240.37**	4,964.52
	Closing balance of cash and cash equivalents	3,402.17	4,240.37
	Add: Balance in Earmarked accounts (Unpaid Dividend accounts)	104.59	84.91
	Closing balance of cash and cash equivalents (Refer Note 15)	**3,506.76**	4,325.28
	Closing balance of cash and cash equivalents (Refer Note 15)	3,506.76	4,325.28
	Less :Balance in Earmarked accounts (Unpaid Dividend accounts)	104.59	84.91
	Cash and Cash Equivalents considered for Cash Flow	**3,402.17**	4,240.37

As per attached report of even date

for **Deloitte Haskins & Sells**	**Hrishikesh A. Mafatlal**	**C. R. Gupte**	**Rohit Arora**	
Chartered Accountants	Chairman	Managing Director	**P. V. Bhide**	
			V. R. Gupte	Directors
P. B. Pardiwalla		**V. K. Gupte**	**C. L. Jain**	
Partner		Secretary	**Vishad P. Mafatlal**	
Place : Mumbai			**D.N.Mungale**	
Date : 30 May 2012			**N. Sankar**	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. **SIGNIFICANT ACCOUNTING POLICIES:**

a. 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”).

The Ministry of Corporate Affairs revised Schedule VI to the Act for financial years commencing on or after 1 April 2011. The Balance Sheet, Statement of Profit and Loss, Cash Flow and the comparative financial information for the previous year have accordingly been prepared and presented with disclosures as required under the Revised Schedule VI.

b. 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.

c. 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 assets 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.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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 (Note 19.c).

i 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 credit 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

NOTE 2 : SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹ In Lakhs	Number of shares	₹ In Lakhs
(a) Authorised				
Equity Shares of the par value of ₹10 each	1,200,000,000	120,000.00	1,200,000,000	120,000.00
(b) Issued and Subscribed				
Equity Shares of ₹ 10 each fully paid up	160,786,980	16,078.70	160,786,980	16,078.70
(c) Reconciliation of number of shares outstanding at the beginning and end of the year :				
Equity Shares				
Outstanding at the beginning of the year	160,786,980		160,786,980	
Issued during the year	-		-	
Outstanding at the end of the year	160,786,980		160,786,980	
(d) Rights attached to Equity shares				
The company has a single class of equity shares. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the assets of the company, in proportion to their shareholding.				
(e) Shareholders holding more than 5% equity shares in the company are set out below:				
Mishapar Investments Limited				
No. of shares	10,536,300		10,536,300	
% Holding	6.55		6.55	
Arvi Associates Private Limited				
No. of shares	10,867,990		10,813,930	
% Holding	6.76		6.73	
(f) No. of shares reserved for issuance as employee stock options (Refer Note 31)	2,796,200		1,823,200	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Reserve		
As per last Balance Sheet	450.92	450.92
(c) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(d) Reserve for Contingency		
As per last Balance Sheet	3,000.00	3,000.00
Less: Transfer to Surplus in Statement of	3,000.00	-
Profit and Loss (Refer Note below)		
	-	3,000.00
(e) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	6,596.28	4,385.70
Add: Profit for the year	3,399.06	3,331.81
Add: Transfers from Reserve for contingency	3,000.00	-
Less: Appropriations :		
Proposed Dividend on Equity Shares (₹ 0.60 per share)	964.72	964.72
Corporate Dividend Tax	156.51	156.51
Closing balance	11,874.11	6,596.28
TOTAL	**17,205.03**	**14,927.20**

Note :

The Company carried a Reserve for Contingency to meet a shortfall, if any, in realization of intercorporate loans. Such loans having been repaid during the year, the Reserve for Contingency is transferred to Surplus in Statement of Profit and Loss.

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 4 LONG-TERM BORROWINGS		
Secured term loans from Banks	7,500.00	-
TOTAL	**7,500.00**	**-**
Details of security		

First, pari passu charge on all moveable and immoveable fixed assets of the company at Dahej, both present and future. Second, pari passu charge on entire current assets of the company, both present and future.

Particulars	As at 31 March 2012	As at 31 March 2011
Terms of Repayment		
Repayable in 21 equal quarterly instalments commencing from FY 2013-14		
NOTE 5 LONG-TERM PROVISIONS		
Provision for employee benefits	1,092.11	1,012.78
Provision - Others:		
Custom duty claims	718.77	718.77
TOTAL	**1,810.88**	**1,731.55**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 6 SHORT-TERM BORROWINGS (SECURED)		
From Banks: (Refer note below)		
Working Capital Loans	500.00	-
Packing credit loan	45.88	-
TOTAL	**545.88**	**-**
Details of Security		
First, pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares & other movables, book debts, bills, outstanding monies, receivables both present and future.		
NOTE 7 TRADE PAYABLES		
Trade payables:		
Acceptances	1,591.84	2,464.56
Other than Acceptances	5,167.82	5,051.45
TOTAL	**6,759.66**	**7,516.01**
NOTE 8 OTHER CURRENT LIABILITIES		
(a) Current liability of Long term Employee Benefits	98.45	102.73
(b) Interest accrued but not due on borrowings	65.16	-
(c) Unpaid dividends	104.59	84.91
(d) Unpaid matured deposits and interest accrued thereon	21.74	30.10
(e) Other payables		
(i) Statutory Liabilities	675.25	511.26
(ii) Trade / security deposits received	176.14	214.21
(iii) Creditors for Capital Projects	521.51	68.72
(iv) Others	2.22	1.46
TOTAL	**1,665.06**	**1,013.39**
NOTE 9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:	142.28	65.17
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	156.51	156.51
TOTAL	**1,263.51**	**1,186.40**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

NOTE 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block	
	As at 1 April, 2011	Additions	Deductions	As at 31 March, 2012	As at 1 April, 2011	For the year	Deductions	Adjustments / Additions	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
Tangible Assets											
Leasehold Land	16.35	-	-	16.35	3.64	0.20	-	-	3.84	12.51	12.71
Buildings Own use	1,265.99	54.59	-	1,320.58	337.36	31.67	-	0.41	369.44	951.14	928.63
Given under operating lease	25.81	-	-	25.81	7.68	0.42	-	-	8.10	17.71	18.13
Plant & Equipment	13,244.86	326.51	42.59	13,528.78	7,334.47	570.88	25.94	-	7,879.41	5,649.37	5,910.39
Furniture & Fixtures	520.09	4.68	3.60	521.17	407.66	77.98	2.77	0.83	483.70	37.47	112.43
Vehicles	204.71	30.41	17.17	217.95	56.34	20.07	8.14	-	68.28	149.68	148.37
Office Equipment including computers	789.42	77.05	27.75	838.72	502.83	153.25	22.24	1.06	634.90	203.81	286.59
Tangibles TOTAL (A)	**16,067.23**	**493.24**	**91.11**	**16,469.36**	**8,649.98**	**854.47**	**59.09**	**2.30**	**9,447.66**	**7,021.70**	**7,417.25**
Intangible Asset											
Patents	448.65	-	-	448.65	16.93	44.87	-	-	61.80	386.85	431.72
Intangibles TOTAL (B)	**448.65**	**-**	**-**	**448.65**	**16.93**	**44.87**	**-**	**-**	**61.80**	**386.85**	**431.72**
TOTAL (A+B)	**16,515.88**	**493.24**	**91.11**	**16,918.01**	**8,666.91**	**899.34**	**59.09**	**2.30**	**9,509.46**	**7,408.54**	**7,848.97**
Previous Year	15,920.48	785.19	189.79	16,515.88	7,986.41	798.51	119.17	1.16	8,666.91	7,848.97	

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 11 NON CURRENT INVESTMENTS		
LONG TERM		
I Equity Instruments		
a. Trade- Unquoted		
Investment in 100% Subsidiary Companies (Refer Note 2 below)		
(i) Nil (As at 31 March, 2011: 3,75,00,000) Equity shares of ₹ 10 each fully paid up in Ensen Holdings Ltd.	-	230.00
Less: Provision for diminution in the value of investment	-	(59.00)
	-	**171.00**
(ii) Nil (As at 31 March, 2011 : 12,25,000) Equity shares of ₹ 100 each, fully paid up in Urvija Investments Limited.	-	60.00
(iii) 8,354,833 (As at 31 March, 2011 : 75,10,000) Equity shares of ₹ 10 each, fully paid up in PIL Chemicals Pvt. Ltd.	2,504.45	2,251.00
b. Other than Trade- Quoted		
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 (Refer Note 1 below)	-	-
1,000 Equity shares of ₹ 10 each, fully paid in HDFC Bank Limited	0.10	0.10

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
c. Other than Trade- Unquoted		
17,101 Equity shares of ₹ 100 each, fully paid in Mafatlal Engineering Industries Limited (Re. 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
II Investment in Government Securities (unquoted)		
National Saving Certificates (Certificate deposited with Government Department)	0.01	0.01
TOTAL	**2,505.58**	**2,483.13**
(a) Aggregate amount of quoted investments Cost / Carrying value	0.10	0.10
Market value	2,651.40	2,498.58
(b) Aggregate amount of unquoted investments	2,505.48	2,483.03

Note:

1. 566,320 Equity shares of Navin Fluorine International Ltd. were received under the rehabilitation scheme of Mafatlal Industries Ltd sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30th October, 2002.
2. Pursuant to the scheme of amalgamation approved by the Bombay High Court, subsidiary companies (Ensen Holdings Limited and Urvija Investments Limited) were merged with another subsidiary company (PIL Chemicals Private Limited) with retrospective effect from 1 April 2010. Consequent to the merger, the company has received 844,833 equity shares of ₹ 10 each of PIL Chemicals Private Limited at a premium of ₹ 20 per share in lieu of its holdings in Ensen Holdings Limited and Urvija Investments Limited. This has resulted in excess provision for diminution of ₹ 22.45 Lakhs in the value of investment in Ensen Holdings Limited booked in earlier years, which has been reversed.

NOTE 12 : LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in Lakhs)

Particulars	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2012	As at 31 March, 2011
	Non -Current		Current	
Capital advances	1,076.63	1,037.81	-	-
Security deposits	682.97	586.02	-	-
Considered doubtful, allowance provided	(300.00)	(300.00)	-	-
	382.97	**286.02**	**-**	**-**
Loans and advances to related parties	-	2,094.00	-	-
Loans and advances to employees	6.05	6.14	11.39	21.44
Prepaid expenses	8.34	5.95	161.93	175.75
Advance income tax (net)	597.15	800.17	-	-
Income Tax Refund Receivable	-	-	2,146.04	-
Indirect Tax balances/recoverables/credits	968.33	968.33	1,395.84	1,031.37
Advance to suppliers and others	-	-	111.19	158.37
Considered doubtful, allowance provided	-	-	(1.49)	(1.49)
	-	-	109.70	156.88
Dividend receivable from subsidiary company	-	-	6.76	60.08
Export Incentives receivable	-	-	167.16	293.74
	-	-	283.62	510.70
	-	-	-	-
TOTAL	**3,039.47**	**5,198.42**	**3,998.82**	**1,739.26**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 13 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials	2,593.52	2,595.88
Work-in-progress	712.58	1,297.94
Finished goods (other than those acquired for trading)	6,240.13	4,782.25
Stock-in-trade (acquired for trading)	23.78	15.16
Production Consumables and Stores & Spares	531.18	500.23
	10,101.19	9,191.46
Details of stock-in-transit		
Raw Materials	720.22	996.13
Finished Goods	570.10	477.60
	1,290.32	1,473.73
TOTAL	**11,391.51**	**10,665.19**
NOTE 14 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered good	4.44	5.24
	4.44	5.24
Other Trade receivables, considered good	10,375.05	8,662.29
TOTAL	**10,379.49**	**8,667.53**
NOTE 15 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances		
Balances with Banks		
In Current accounts / EEFC accounts	994.77	933.03
In Deposit Accounts	2,400.00	3,300.00
In earmarked accounts		
- Unpaid dividend accounts	104.59	84.91
Cash on hand	7.40	7.34
TOTAL	**3,506.76**	**4,325.28**
Note : Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	3,402.17	4,240.37
NOTE 16 OTHER CURRENT ASSETS (CONSIDERED GOOD)		
Accruals		
Interest accrued on deposits	10.07	99.36
TOTAL	**10.07**	**99.36**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 17 REVENUE FROM OPERATIONS		
(i) Sale of products comprises:		
Manufactured goods		
Rubber Chemicals	50,652.19	47,330.33
Others	340.12	374.88
TOTAL - Sale of manufactured goods	**50,992.31**	**47,705.21**
Traded goods		
Rubber Chemicals	315.75	277.94
TOTAL - Sale of traded goods	**315.75**	**277.94**
TOTAL - Sale of products	**51,308.06**	**47,983.15**
(ii) Other operating revenues comprise:		
Sale of scrap	92.47	83.23
Duty drawback and other export incentives	288.33	311.00
Miscellaneous	94.96	90.30
TOTAL - Other operating revenues	**475.76**	**484.53**
NOTE 18 OTHER INCOME		
(a) Interest income (Refer Note (i) below)	1,984.03	310.10
(b) Dividend income:		
from long-term investments		
subsidiaries	6.76	60.08
others	96.59	79.56
(c) Other non-operating income (Refer Note (ii) below)	50.31	162.50
TOTAL	**2,137.69**	**612.24**
Note :		
(i) Interest income comprises:		
Interest from banks on deposits	152.91	261.68
Interest on loans and advances	11.28	32.40
Interest on income tax refund	1,819.84	16.02
TOTAL - Interest income	**1,984.03**	**310.10**
Note :		
(ii) Other non-operating income comprises:		
Rental income	27.00	12.50
Profit on sale of intangible assets	-	150.00
Liabilities / provisions no longer required written back	23.31	-
TOTAL - Other non-operating income	**50.31**	**162.50**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 19.a COST OF MATERIALS CONSUMED		
Opening stock	3,592.01	3,109.24
Add: Purchases	29,651.56	28,181.03
	33,243.57	31,290.27
Less: Closing stock	3,313.74	3,592.01
Cost of materials consumed	**29,929.83**	**27,698.26**
Materials consumed comprises:		
Chlorinated aromatics & amines	12,130.34	11,651.08
Solvents	6,480.36	5,462.71
Chemicals	10,299.02	9,521.27
Other Raw materials	1,020.12	1,063.20
TOTAL	**29,929.83**	**27,698.26**
NOTE 19.b PURCHASE OF TRADED GOODS		
Rubber Chemicals	264.89	215.67
TOTAL	**264.89**	**215.67**
NOTE 19.c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)		
Inventories at the end of the year:		
Finished goods	6,810.23	5,259.85
Work-in-progress	712.58	1,297.94
Stock-in-trade	23.78	15.16
	7,546.59	6,572.95
Inventories at the beginning of the year:		
Finished goods	5,259.85	3,667.52
Work-in-progress	1,297.94	1,020.24
Stock-in-trade	15.16	19.88
	6,572.95	4,707.64
Increase in excise duty on closing stock of finished products	264.96	214.01
Net increase	**(708.68)**	**(1,651.30)**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 20 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,770.17	2,335.95
Contributions to provident and other funds (Refer Note 32)	321.50	290.04
Staff welfare expenses	349.84	293.54
TOTAL	**3,441.51**	**2,919.53**
NOTE 21 FINANCE COSTS		
Interest expense on:		
(i) Borrowings from banks	14.02	-
(ii) Others	14.27	12.45
TOTAL	**28.29**	**12.45**
NOTE 22 OTHER EXPENSES		
Consumption of stores and spare parts	427.63	423.84
Consumption of packing materials	805.89	748.06
Processing Charges	2,056.73	1,732.40
Power, fuel and Other Utilities	4,738.29	4,254.42
Rent including lease rentals	142.15	139.34
Repairs and maintenance - Buildings	86.67	84.72
Repairs and maintenance - Machinery	489.19	572.02
Insurance	58.22	69.60
Rates and taxes	37.76	47.00
Selling Expenses	1,550.65	1,524.39
Donations and contributions	15.00	15.00
Payments to auditors (Refer Note below)	18.00	18.19
Loss on fixed assets sold / scrapped / written off	28.37	68.08
Miscellaneous expenses	1,480.27	1,403.24
TOTAL	**11,934.82**	**11,100.30**
Note:		
Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit	16.00	16.00
- tax audit	2.00	2.00
For reimbursement of expenses	-	0.19
	18.00	**18.19**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

23 Contingent liability in respect of:

(₹ in Lakhs)

		2011 – 12	2010 – 11
(a)	Central excise duty and Customs duty demands disputed	153.42	105.63
(b)	Income tax demands disputed	2,816.88	3,816.81
(c)	Sales tax demands disputed	794.87	794.87
(d)	Claims against the Company not acknowledged as debts	202.88	210.55

24.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3,232.33	2,868.85

25. 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 reportable segment.

26. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns, 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 expense and income is ₹142.15 Lakhs (previous year ₹ 180.03 Lakhs) and ₹ 27.00 Lakhs (previous year ₹ 53.20 Lakhs) respectively.

27. The amount of borrowing costs capitalized during the year is ₹467.14 Lakhs (previous year Nil)

28. Related Parties

(A) Name of related parties and description of relationship

(i) **Subsidiary Companies:**
PIL Chemicals Private Limited (PIL)
Ensen Holdings Limited
(merged into PIL with effect from 1 April 2010)
Urvija Investments Limited
(merged into PIL with effect from 1 April 2010)

(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

(B) Transactions with related parties

(₹ in Lakhs)

Nature of Transactions	2011 – 12	2010 – 11
Loan recovered		
- Mafatlal Industries Limited	2,094.00	1671.07
Purchase of Materials / Services:		
- Navin Fluorine International Limited	3.42	7.25
- PIL Chemicals Private Limited	986.54	797.82
Reimbursement of Expenses :		
- Mafatlal Industries Limited	12.91	12.78
- Ensen Holdings Limited	-	0.04
- Urvija Investments Limited	-	0.03
Remuneration Paid:		
Key Management Personnel		
Mr. C.R.Gupte	179.79	174.35
Refund of Office/Flat Deposit :		
Mafatlal Industries Limited	-	249.90
Rent Paid to:		
Mafatlal Industries Limited	43.20	83.89
Navin Fluorine International Limited	28.80	28.80
Interest Received/Accrued/Reimbursed :		
Mafatlal Industries Limited	-	29.93
Amount outstanding at the year end		
Loans and Advances given		
Mafatlal Industries Limited	-	2,094.00
Office / Flat Deposit given		
Mafatlal Industries Limited	22.28	22.28
Trade Creditors Payable		
PIL Chemicals Private Limited	202.52	150.22
Navin Fluorine International Limited	-	0.82
Mafatlal Industries Limited	13.23	42.77

Related parties have been 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 31.3.2012	Maximum amount outstanding during the year
Mafatlal Industries Limited	- (2,094)	2,094.00 (3,765.07)

Note: Figures in the brackets relate to previous year.

29. Tax

a. Current Tax Comprises of: (₹ in Lakhs)

	2011 – 12	2010-11
Tax expense for the year	1,538.89	1,542.91
Tax credit relating to prior years	(326.19)	(3.22)
TOTAL	1,212.70	1,539.69

b. The components of Deferred Tax Liabilities are as under: (₹ in Lakhs)

	2011 – 12	2010 – 11
Depreciation	1,563.20	1,667.65
Provision for doubtful debts and advances	(97.82)	(97.82)
Expenses allowed on payment basis	(410.41)	(383.07)
Sales Tax set off	1,135.19	909.06
Net deferred tax liability	2,190.16	2,095.82

30. Earnings per share (EPS):

	2011 - 12	2010 – 11
Profit available to Equity shareholders (₹ in Lakhs)	3,399.06	3,331.81
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	1.00
Earnings per share (₹) – Basic	2.11	2.07
Earnings per share (₹) – Diluted	2.11	2.07
Note: There is no dilution to the basic EPS as the results are anti-dilutive.		

31. ESOP scheme

	2011-12	2010-11	2009-10	2007-08
	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	1-April-2011	25-May-2010	9-June-2009	27-Aug-2007
Contractual life	10 years	10 years	10 years	10 years
Outstanding as at 1 April 2011	-	973,000	425,100	425,100
Granted during the year	973,000	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31 March 2012	973,000	973,000	425,100	425,100
Vesting Schedule (from the date of grant)				
First Year	25%	25%	25%	25%
Second Year	25%	25%	25%	25%
Third Year	25%	25%	25%	25%
Fourth Year	25%	25%	25%	25%
Method of settlement	Equity	Equity	Equity	Equity

Details of ESOP granted during the year:

	2011 - 12	2010 – 11
Estimated fair values (arrived at by applying Black Scholes Option Pricing Model) ₹	**9.02**	10.59
Exercise Price ₹	**16.65**	20.60
Expected Volatility	**57.58%**	61.18%
Risk free rate of return	**7.83%**	7.35%
The weighted average contractual life of the options outstanding	**10 years**	10 years

Had fair value method been used, the compensation cost would have been higher by ₹ 90.78 Lakhs (previous year ₹ 97.35 Lakhs), profit after tax would have been lower by ₹ 61.33 Lakhs (previous year ₹ 68.14 Lakhs) and EPS – both Basic and Diluted – would have been ₹ 2.07 per share (previous year ₹ 2.03 per share).

32. Employment and Retirement Benefits

(₹ In Lakhs)

				31.03.2012	31.03.2011
1	**Post-Employment benefits**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	**134.92**	128.19
		ii)	Company's contribution to Superannuation Fund	**37.29**	37.22
	b)	Defined benefit scheme			
		Gratuity Funded:			
	a)	Liability recognized in Balance Sheet			
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	**1,032.20**	968.91
			Service Cost	**53.40**	42.85
			Interest Cost	**85.16**	82.36
			Actuarial Loss/(Gain) on Obligations	**3.73**	(46.79)
			Benefits paid	**(93.56)**	(15.13)
			As at 31 March	**1,080.93**	1,032.20
			Less: Fair Value of Plan Assets		
			As at 1 April	**929.47**	789.15
			Expected Return on Plan assets less loss on investment	**74.36**	75.94
			Contribution	**102.73**	179.76
			Benefits paid	**(93.56)**	(39.44)
			Actuarial Loss on Plan Assets	**(0.32)**	(75.94)
			As at 31 March	**1,012.68**	929.47
			Net	**68.25**	102.73
		Unfunded:			
			Present Value of Obligations		
			As at 1 April	**515.14**	450.37
			Service Cost	**26.65**	19.92
			Interest Cost	**42.50**	38.28
			Actuarial Loss on Obligations	**11.88**	30.88
			Benefits paid	**(34.98)**	(24.31)
			As at 31 March	**561.19**	515.14
			Net Liability	**629.44**	**617.87**
	b)	Expense during the year			
			Service Cost	**80.05**	62.77
			Interest Cost	**127.66**	120.64
			Expected Return on Plan assets	**(74.36)**	(75.94)
			Actuarial Loss on Obligations	**15.93**	60.02
			TOTAL	**149.28**	167.49
	c)	Principal actuarial assumptions			
			Rate of Discounting	**8.50%**	8.25%
			Rate of Return on Plan Assets	**8.60%**	8.00%
			Rate of increase in salaries	**4.99%**	4.42%
			Rate of Attrition	**2%**	2%
2	**Breakup of Plan Assets:**				
	i)	Government Bonds		**477.84**	477.03
	ii)	Corporate Bonds		**421.70**	426.66
	iii)	Special Deposit Scheme		**8.71**	8.71
	iv)	Others		**104.43**	17.07
			TOTAL	**1,012.68**	929.47

The company expects to contribute ₹ 98.45 Lakhs (previous year ₹ 102.73 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	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	1,642.12	1,547.34	1,419.28	1,220.24	1,056.24
Plan asset	1,012.68	929.47	789.15	643.03	662.71
Deficit	629.44	617.87	630.13	577.21	393.53
Experience adjustment on liabilities – loss	55.95	73.52	235.08	150.55	-
Experience adjustment on plan assets – loss	0.32	75.94	6.74	0.21	-

33. The amount of exchange differences included in the net profit for the year aggregates to ₹ 181.47 Lakhs (Previous year ₹(29.02) Lakhs).

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

(₹ in Lakhs)

	2011 - 12	2010 - 11
(i) Raw Materials	12,847.59	13,384.18
(ii) Stores and spares	14.70	44.29
(iii) Capital goods	77.94	56.74
TOTAL	12,940.23	13,485.21

35. Expenditure in Foreign Currency (on accrual basis) on account of: **(₹ in Lakhs)**

	2011 - 12	2010 - 11
(i) Professional and technical fees	2.76	9.85
(ii) Commission on sales	85.90	110.14
(iii) Others	37.25	29.89
TOTAL	125.91	149.88

36. Value of Raw materials and stores and spares consumed: (₹ in Lakhs)

	2011 - 12				2010 - 11			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption
(a) Raw materials	14,597.92	48.6	15,458.28	51.4	13,906.66	50.1	13,853.63	49.9
(b) Stores and spares	13.34	3.1	414.29	96.9	23.24	5.5	400.59	94.5

37. Earning in foreign exchange: (₹ in Lakhs)

	2011-12	2010-11
F.O.B. value of goods exported	19,439.73	17,808.36

38. The amounts due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures relating to Micro and Small Enterprises as at 31st March, 2012 are as under:

(₹ in Lakhs)

Description	2011 - 12	2010 - 11
Principal amount outstanding as at 31 March	18.17	4.45
Interest due on (1) above and unpaid as at 31 March	0.20	0.02
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid as at 31 March	0.20	0.02
Amount of further interest remaining due and payable in succeeding year	0.20	0.02

39. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding forward exchange contracts as at 31 March 2012 and 31 March 2011.

(b) The year-end foreign currency exposures that have not been hedged are as follows:

(Figures in Lakhs)

	31 March 2012		31 March 2011	
	₹	foreign currency	₹	foreign currency
Unhedged				
Creditors for Goods	1,862.61	USD 32.19	2,464.56	USD 50.01
		EURO 3.18		EURO 3.68
Debtors	2,534.59	USD 43.87	3,037.54	USD 63.54
		EURO 4.30		EURO 3.21
Creditors for expenses	49.88	USD 0.87	87.36	USD 1.88
		EURO 0.08		EURO 0.06

40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

Rohit Arora
P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
D.N.Mungale
N. Sankar
Directors

Section 212

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012.

Sr. No.	Particulars	Name of the Subsidiary Company PIL Chemicals Private Limited ₹ in Lakhs
1	Extent of the Holding Company's interest in Subsidiary	
	No. of Shares	8,354,833
	% of Capital	100%
2	Capital	835.48
3	Reserves	1,799.87
4	Deferred Tax Liability	114.49
5	Debit balance of Profit & Loss Account	
6	Total Assets	2,941.11
7	Total Liabilities	191.27
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
	32,000 ordinary shares of UK Stg Pd.10 each fully paid in Mafatlal Limited, U.K. (Re 2)	-
	22,320 equity shares of Mafatlal Services Limited of Rs 100 each fully paid (Re 1)	-
	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 Rs 10 each fully paid	5.00
	TOTAL	**16.71**
9	Income	1,014.38
10	Profit before Tax	123.13
11	Provision for Tax	38.09
12	Profit after Tax	85.03
13	Proposed Dividend (including Dividend Distribution Tax)	75.83

Hrishikesh A. Mafatlal
Chairman

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Vishad P. Mafatlal
D.N.Mungale
N. Sankar
Directors

Place : Mumbai
Date : 30 May 2012

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 2012, the group Consolidated Statement of Profit and Loss 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 the subsidiary company, whose financial statements reflect the group's share of total assets of ₹ 2,941.11 lakhs as at 31 March 2012 and total revenue of ₹ 1,014.38 lakhs and total cash flows amounting to ₹ 159.55 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 report of the other auditor.

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 report of the other auditor on the separate financial statements of a subsidiary Company 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 2012;

   ii) in the case of the Consolidated Statement of Profit and Loss, 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 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(₹ in Lakhs)

	Note No.	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	16,078.70	16,078.70
(b) Reserves and Surplus	3	17,335.69	15,012.61
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	7,500.00	-
(b) Deferred tax liabilities (Net)	29.b	2,304.66	2,172.21
(c) Long term provisions	5	1,822.67	1,740.16
(3) Current Liabilities			
(a) Short-term borrowings	6	545.88	-
(b) Trade payables	7	6,579.51	7,368.04
(c) Other current liabilities	8	1,745.39	1,038.28
(d) Short-term provisions	9	1,275.03	1,196.15
TOTAL		**55,187.53**	**44,606.15**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	8,955.82	9,427.61
(ii) Intangible assets	10	387.28	432.18
(iii) Capital work-in-progress		12,725.37	3,466.84
(iv) Intangible Assets under development		123.30	65.84
(b) Non-current investments	11	17.84	20.84
(c) Long term loans and advances	12	3,151.56	5,296.68
(2) Current assets			
(a) Inventories	13	11,433.02	10,702.06
(b) Trade receivables	14	10,379.49	8,667.53
(c) Cash and cash equivalents	15	3,987.57	4,646.54
(d) Short-term loans and advances	12	4,007.31	1,777.33
(e) Other current assets	16	18.97	102.71
TOTAL		**55,187.53**	**44,606.15**
Significant accounting policies	1		
The accompanying Notes 1 to 35 are an integral part of the financial statements			

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

Rohit Arora
P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
D.N.Mungale
N. Sankar
Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
I	Sale of products	17	51,308.06	47,983.15
	Less: Excise Duty		3,447.86	3,186.52
			47,860.20	44,796.63
	Other operating revenues	17	475.76	484.52
	Revenue from operations		48,335.96	45,281.15
II	Other Income	18	2,158.78	569.87
III	**Total Revenue**		**50,494.74**	**45,851.02**
IV	Expenses			
	(a) Cost of materials consumed	19.a	29,929.83	27,698.26
	(b) Purchases of stock-in-trade	19.b	264.89	215.67
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19.c	(708.68)	(1,651.30)
	(d) Employee benefits expense	20	3,587.77	3,035.76
	(e) Finance costs	21	28.29	12.45
	(f) Depreciation and amortisation expense	10	1,009.68	907.77
	(e) Other expenses	22	11,582.93	10,774.62
	Total expenses		**45,694.71**	**40,993.23**
V	**Profit before tax (III-IV)**		**4,800.03**	**4,857.79**
VI	**Tax expense:**			
	(a) Current tax	29.a	1,212.70	1,541.03
	(b) Deferred tax		132.43	(33.98)
			1,345.13	**1,507.05**
VII	**Profit for the year (V-VI)**		**3,454.90**	**3,350.74**
VIII	**Earnings per share (of ₹ 10/- each):**	30		
	(a) Basic (in ₹)		2.15	2.08
	(b) Diluted (in ₹)		2.15	2.08
Significant accounting policies		1		

The accompanying Notes 1 to 35 are an integral part of the financial statements

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**4,800.03**	**4,857.79**
Adjustments for :		
Depreciation	1,009.68	907.77
Obsolete fixed assets written off	22.98	67.66
Loss on sale of fixed assets (net)	5.39	0.42
Income from Long Term Investments	(99.62)	(82.10)
Interest on Deposits, Overdue receivables and others	(2,031.29)	(357.11)
Interest expenses	28.29	12.45
Provision for doubtful debts/advances/diminution in investments made in previous years written back	-	(6.32)
	(1,064.57)	542.77
Operating profit before working capital changes	**3,735.47**	**5,400.56**
Adjustments for :		
Inventories	(730.97)	(2,417.25)
Trade receivables	(1,711.96)	(49.83)
Short term loan and advances	(2,321.40)	304.33
Long-term loan and advances	(127.26)	(292.67)
Other current assets	83.74	(3.60)
Trade payables	(788.52)	1,333.53
Other current liabilities	144.13	450.79
Long -term provisions	82.51	(134.23)
Short term provisions	78.89	(85.57)
Earmarked Bank account - unpaid dividend account	(19.68)	(18.47)
	(5,310.52)	**(912.97)**
Cash (used in) / generated from operations	**(1,575.05)**	**4,487.59**
Taxes paid	(994.51)	(1,888.98)
Net Cash (used in) / generated from operating activities	**(2,569.57)**	**2,598.61**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets including capital work in progress	(9,332.31)	(2,919.35)
Loans recovered	2,185.41	2,004.41
Sale proceeds of fixed assets	5.95	3.70
Sale proceeds from sale of investments	3.00	-
Interest received	2,031.29	357.11
Dividend received	99.62	82.10
Net Cash used in investment activities	**(5,007.04)**	**(472.03)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of short term loan	-	(1,671.07)
Proceeds from long-term borrowings	7,500.00	-
Proceeds from short-term borrowings	545.88	-
Unclaimed Matured Deposits paid	(8.36)	(8.34)
Interest paid	(28.29)	(12.45)
Dividend paid	(945.04)	(946.25)
Dividend tax paid	(166.26)	(163.95)
Net Cash generated from / (used in) financing activities	**6,897.94**	**(2,802.06)**
Net decrease in cash and cash equivalents	(678.65)	(675.49)
Opening balance of cash and cash equivalents	4,561.63	5,237.12
Closing balance of cash and cash equivalents	3,882.98	4,561.63
Add: Balance in Earmarked accounts (Unpaid Dividend accounts)	104.59	84.91
Closing balance of cash and cash equivalents (Refer Note 15)	**3,987.57**	**4,646.54**
Closing balance of cash and cash equivalents (Refer Note 15)	3,987.57	4,646.54
Less :Balance in Earmarked accounts (Unpaid Dividend accounts)	104.59	84.91
Cash and Cash Equivalents considered for Cash Flow	**3,882.98**	**4,561.63**

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
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D.N.Mungale
N. Sankar
Directors

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Company Background

The Consolidated Financial Statements of the group – the parent Company, NOCIL Limited ('NOCIL' or 'the Company') and its subsidiary – include financial information of its other component, 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 Company:

Name of the Company	Country of incorporation	Nature of business
PIL Chemicals Private Limited	India	Processing of rubber chemical products

Pursuant to the scheme of amalgamation approved by the Bombay High Court, wholly owned subsidiary companies (Ensen Holdings Limited and Urvija Investments Limited) were merged with PIL Chemicals Private Limited with retrospective effect from 1 April 2010.

- Associate Company:

Name of the Company	Country of incorporation	Proportion of Ownership Interest	Nature of business
Vibhadeep Investments and Trading Limited	India	48.94%	Investment Company

The shares held in Vibhadeep Investments and Trading Limited were transferred during the current year.

A. Basis of preparation of consolidated financial statements

The accompanying consolidated 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").

The Ministry of Corporate Affairs revised Schedule VI to the Act for financial years commencing on or after 1 April 2011. The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and the comparative financial information for the previous year have accordingly been prepared and presented with relevant disclosures under the Revised Schedule VI.

B. Principles of Consolidation

Subsidiary companies 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.

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

For the purpose of consolidation, the financial statements of Subsidiary Companies and Associate Companies are drawn upto 31 March 2012.

C. Uniform Accounting Policies

The Consolidated Financial Statements of the Company, its Subsidiary Companies and Associate Companies are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

D. Use of estimates

The preparation of consolidated 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 consolidated 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.

E. 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 assets 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.

F. 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.

G. 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.

H. 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.

I. 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.

J. 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 (Note 19.c).

K. 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 credit 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

L. 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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

NOTE 2 : SHARE CAPITAL

Particulars	As at 31 March 2012 Number of shares	As at 31 March 2012 ₹ in Lakhs	As at 31 March 2011 Number of shares	As at 31 March 2011 ₹ in Lakhs
(a) Authorised				
Equity Shares of the par value of ₹10 each	1,200,000,000	120,000.00	1,200,000,000	120,000.00
(b) Issued and Subscribed				
Equity Shares of ₹ 10 each fully paid up	160,786,980	16,078.70	160,786,980	16,078.70
(c) Reconciliation of number of shares outstanding at the beginning and end of the year :				
Equity Shares				
Outstanding at the beginning of the year	160,786,980		160,786,980	
Issued during the year	-		-	
Outstanding at the end of the year	160,786,980		160,786,980	
(d) Rights attached to Equity shares				
The company has a single class of equity shares. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders In the event of liquidation, the equity shareholders are eligible to receive the assets of the company, in proportion to their shareholding.				
(e) Shareholders holding more than 5% equity shares in the company is set out below:				
Mishapar Investments Limited				
No. of shares	10,536,300		10,536,300	
% Holding	6.55		6.55	
Arvi Associates Private Limited				
No. of shares	10,867,990		10,813,930	
% Holding	6.76		6.73	
(f) No. of shares reserved for issuance as employee stock options (Refer Note 31)	2,796,200		1,823,200	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Reserve		
As per last Balance Sheet	450.92	450.92
(c) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(d) Reserve for Contingency		
As per last Balance Sheet	3,000.00	3,000.00
Less: Transfer to Surplus in Statement of Profit and Loss (Refer Note below)	3,000.00	-
	-	3,000.00
(e) Reserve U/S 45 IC of the Reserve Bank of India Act:		
As per last Balance Sheet	58.72	58.72
(f) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	6,622.97	4,403.20
Add: Profit for the year	3,454.90	3,350.74
Add: Transfer from Reserve for contingency	3,000.00	-
Less: Appropriations :		
Proposed Dividend on Equity Shares	964.72	964.72
Corporate Dividend Tax	167.09	166.25
Closing balance	11,946.05	6,622.97
TOTAL	**17,335.69**	**15,012.61**
Note :		
The Company carried a Reserve for Contingency to meet a shortfall, if any, in realization of intercorporate loans. Such loans having been repaid during the year, the Reserve for Contingency is transferred to Surplus in Statement of Profit and Loss.		
NOTE 4 LONG-TERM BORROWINGS		
Secured term loans from Banks	7,500.00	-
TOTAL	**7,500.00**	**-**
Details of security		
First, pari passu charge on all moveable and immoveable fixed assets of the company at Dahej, both present and future. Second, pari passu charge on entire current assets of the company, both present and future.		
Terms of Repayment		
Repayable in 21 equal quarterly instalments commencing from FY 2013-14		
NOTE 5 LONG-TERM PROVISIONS		
Provision for employee benefits	1,103.90	1,021.39
Provision - Others:		
Custom duty claims	718.77	718.77
TOTAL	**1,822.67**	**1,740.16**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 6 SHORT-TERM BORROWINGS (SECURED)		
From Banks: (Refer Note below)		
Working Capital Loans	500.00	-
Packing credit loan	45.88	-
TOTAL	**545.88**	**-**
Details of Security		
First, pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares & other movables, book debts, bills, outstanding monies, receivables both present and future.		
NOTE 7 TRADE PAYABLES		
Trade payables:		
Acceptances	1,591.84	2,464.56
Other than Acceptances	4,987.67	4,903.48
TOTAL	**6,579.51**	**7,368.04**
NOTE 8 OTHER CURRENT LIABILITIES		
(a) Current liability of Long term Employee Benefits	98.45	102.73
(b) Interest accrued but not due on borrowings	65.16	-
(c) Unpaid dividends	104.59	84.91
(d) Unpaid matured deposits and interest accrued thereon	21.74	30.10
(e) Other payables		
(i) Statutory Liabilities	676.61	512.52
(ii) Trade / security deposits received	176.14	214.21
(iii) Creditors for Capital Projects	551.66	74.57
(iv) Others	51.04	19.24
TOTAL	**1,745,39**	**1,038.28**
NOTE 9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:	143.22	65.17
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	167.09	166.26
TOTAL	**1,275.03**	**1,196.15**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

NOTE 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block	
	As at 1 April, 2011	Additions	Deductions	As at 31 March, 2012	As at 1 April, 2011	For the year	Deductions	Adjustments / Additions	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
Tangibles											
Leasehold Land	341.35	-	-	341.35	23.54	4.71	-	-	28.25	313.10	317.81
Buildings Own use	1,598.35	57.88	-	1,656.23	376.19	41.39	-	0.41	418.00	1,238.23	1,222.16
Given under operating lease	25.81	-	-	25.81	7.68	0.42	-	-	8.10	17.71	18.13
Plant & Equipment	15,045.75	356.23	42.59	15,359.39	7,724.77	666.83	25.94	-	8,365.66	6,993.74	7,320.99
Furniture & Fixtures	521.40	4.68	3.60	522.48	407.86	78.06	2.77	0.83	483.99	38.49	113.54
Vehicles	204.72	30.41	17.17	217.96	56.34	20.07	8.14	-	68.27	149.70	148.38
Office Equipments including computers	789.42	78.12	27.75	839.79	502.82	153.30	22.24	1.06	634.94	204.85	286.60
Tangibles TOTAL (A)	**18,526.80**	**527.31**	**91.10**	**18,963.02**	**9,099.20**	**964.78**	**59.09**	**2.30**	**10,007.19**	**8,955.82**	**9,427.61**
Intangibles											
Patents	448.65	-	-	448.65	16.93	44.87	-	-	61.80	386.85	431.72
Computer Software	0.58	-	-	0.58	0.12	0.03	-	-	0.15	0.43	0.46
Intangibles TOTAL (B)	**449.23**	**-**	**-**	**449.23**	**17.05**	**44.90**	**-**	**-**	**61.95**	**387.28**	**432.18**
TOTAL (A+B)	**18,976.04**	**527.31**	**91.10**	**19,412.25**	**9,116.25**	**1,009.68**	**59.09**	**2.30**	**10,069.14**	**9,343.11**	**9,859.79**
Previous Year	18,364.50	801.35	189.79	18,976.02	8,326.49	907.77	119.17	1.16	9,116.25	9,859.79	

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 11 NON CURRENT INVESTMENTS		
I Equity Instruments		
a. Other than Trade-Quoted		
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
19,900 Equity Shares of ₹10 each fully paid in Bank of India	8.96	8.96
2,400 Equity Shares of ₹10 each fully paid in Corporation Bank	1.89	1.89
b. Other than Trade - Unquoted		
Investment in Associate Company :		
NIL Equity Shares of Vibhadeep Investments & Trading Ltd (March 31, 2011: 2,30,00,000)	-	-
Investment in Others :		
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
32,000 Equity Shares of Mafatlal UK Ltd	-	-
22,320 Equity Shares of Mafatlal FInancial Services Ltd	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

	Particulars	As at 31 March 2012	As at 31 March 2011
II	**Investment in Government Securities (unquoted)**		
	National Saving Certificates (certificate deposited with Government Department)	0.01	0.01
III	**Investment in Bonds**		
	NIL Units of 12 % ICICI Bonds of ₹10,000 each (March 31, 2011: 30 Units)	-	3.00
IV	**Investment in Mutual Funds**		
	50,000 Units of ₹10 each of JM Mutual Fund (March 31, 2011: 50,000 Units)	5.00	5.00
	10,560 Units of ₹10 each of UTI Master Shares (March 31, 2011: 10,560 Units)	0.86	0.86
	TOTAL	**17.84**	**20.84**
	(a) Aggregate amount of quoted investments		
	Cost / Carrying value	16.81	16.81
	Market value	2,742.80	2,619.06
	(b) Aggregate amount of unquoted investments	1.03	4.03

Note :
566,320 Equity shares of Navin Fluorine International Ltd. were received under the rehabilitation scheme of Mafatlal Industries Ltd. sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30th October, 2002.

NOTE 12 : LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED) *(₹ in Lakhs)*

Particulars	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2012	As at 31 March, 2011
	Non -Current		Current	
Capital advances	1,080.08	1,039.41	-	-
Security deposits	707.21	606.29	-	-
Considered doubtful, allowance provided	(300.00)	(300.00)	-	-
	407.21	**306.29**	**-**	**-**
Loans and advances to related parties	-	2,094.00	-	91.41
Loans and advances to employees	6.05	6.14	24.56	27.25
Prepaid expenses	8.34	5.95	162.97	176.68
Advance income tax (net)	607.76	826.82	-	-
Income Tax Refund Receivable	-	-	2,146.04	-
MAT Credit entitlement	72.51	48.47	-	-
Indirect Tax balances/recoverables/credits	969.60	969.60	1,395.84	1,031.37
Other loans and advances				
Advance to suppliers and others	-	-	112.23	158.37
Considered doubtful, allowance provided	-	-	(1.49)	(1.49)
	-	-	110.74	156.88
Export Incentives receivable	-	-	167.16	293.74
	-	-	277.90	450.62
TOTAL	**3,151.56**	**5,296.68**	**4,007.31**	**1,777.33**

NOTE 13 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Raw materials	2,593.52	2,595.88
Work-in-progress	712.58	1,297.94
Finished goods (other than those acquired for trading)	6,240.13	4,782.25
Stock-in-trade (acquired for trading)	23.78	15.16
Production Consumables and Stores & Spares	572.69	537.10
	10,142.70	9,228.33
Details of stock-in-transit		
Raw Materials	720.22	996.13
Finished Goods	570.10	477.60
	1,290.32	1,473.73
TOTAL	**11,433.02**	**10,702.06**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 14 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered good	4.44	5.24
	4.44	5.24
Other Trade receivables, considered good	10,375.05	8,662.29
TOTAL	**10,379.49**	**8,667.53**
NOTE 15 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances		
Balances with Banks		
In Current accounts / EEFC accounts	1,275.47	1,154.27
In Deposit Accounts	2,600.00	3,400.00
In earmarked accounts		
- Unpaid dividend accounts	104.59	84.91
Cash on hand	7.51	7.36
TOTAL	**3,987.57**	**4,646.54**
Note : Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	3,882.98	4,561.63
NOTE 16 OTHER CURRENT ASSETS (CONSIDERED GOOD)		
Accruals		
(i) Interest accrued on deposits	17.58	100.92
(ii) Interest accrued on investments	1.39	1.79
TOTAL	**18.97**	**102.71**
NOTE 17 REVENUE FROM OPERATIONS		
(i) Sale of products comprises:		
Manufactured goods		
Rubber Chemicals	50,652.17	47,330.33
Others	340.12	374.88
TOTAL - Sale of manufactured goods	**50,992.29**	**47,705.21**
Traded goods		
Rubber Chemicals	315.77	277.94
TOTAL - Sale of traded goods	315.77	277.94
TOTAL - Sale of products	**51,308.06**	**47,983.15**
(ii) Other operating revenues comprise:		
Sale of scrap	92.47	83.23
Duty drawback and other export incentives	288.33	311.00
Miscellaneous	94.96	90.30
TOTAL - Other operating revenues	**475.76**	**484.53**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 18 OTHER INCOME		
(a) Interest income (Refer Note (i) below)	2,002.59	322.56
(b) Dividend income:		
from long-term investments	99.62	82.10
(c) Other non-operating income (Refer Note (ii) below)	56.57	165.21
TOTAL	**2,158.78**	**569.87**
(i) Interest income comprises:		
Interest from banks on deposits	168.77	271.53
Interest on loans and advances	11.82	32.69
Interest on income tax refund	1,821.64	17.97
Interest on Debentures/Bonds	0.36	0.36
TOTAL - Interest income	**2,002.59**	**322.55**
(ii) Other non-operating income comprises:		
Rental income	27.00	12.50
Profit on sale of intangible assets	-	150.00
Liabilities / provisions no longer required written back	23.31	1.64
Net gain on sale of investments	5.00	-
Miscellaneous income	1.26	1.07
TOTAL - Other non-operating income	**56.57**	**165.21**
NOTE 19.a COST OF MATERIALS CONSUMED		
Opening stock	3,592.01	3,109.24
Add: Purchases	29,651.56	28,181.03
	33,243.57	31,290.27
Less: Closing stock	3,313.74	3,592.01
Cost of materials consumed	**29,929.83**	**27,698.26**
Materials consumed comprises:		
Chlorinated aromatics & amines	12,130.34	11,651.08
Solvents	6,480.36	5,462.71
Chemicals	10,299.01	9,521.27
Other Raw materials	1,020.12	1,063.20
TOTAL	**29,929.83**	**27,698.26**
NOTE 19.b PURCHASE OF TRADED GOODS		
Rubber Chemicals	264.89	215.67
TOTAL	**264.89**	**215.67**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 19.c		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)		
Inventories at the end of the year:		
Finished goods	6,810.23	5,259.85
Work-in-progress	712.58	1,297.94
Stock-in-trade	23.78	15.16
	7,546.59	6,572.95
Inventories at the beginning of the year:		
Finished goods	5,259.85	3,667.52
Work-in-progress	1,297.94	1,020.24
Stock-in-trade	15.16	19.88
	6,572.95	4,707.64
Increase in excise duty on closing stock of finished products	264.96	214.01
Net increase	**(708.68)**	**(1,651.30)**
NOTE 20 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,898.41	2,438.42
Contributions to provident and other funds (Refer Note 32)	334.89	300.73
Staff welfare expenses	354.47	296.61
TOTAL	**3,587.77**	**3,035.76**
NOTE 21 FINANCE COSTS		
Interest expense on:		
(i) Borrowings from banks	14.02	-
(ii) Others	14.27	12.45
TOTAL	**28.29**	**12.45**
NOTE 22 OTHER EXPENSES		
Consumption of stores and spare parts	458.27	433.30
Consumption of packing materials	805.89	748.06
Processing Charges	1,070.19	934.58
Power, Fuel and Other Utilities	5,197.17	4,604.42
Rent including lease rentals	142.15	139.34
Repairs and maintenance - Buildings	89.35	84.85
Repairs and maintenance - Machinery	522.95	598.67
Insurance	59.87	71.78
Rates and taxes	51.96	54.61
Selling Expenses	1,551.61	1,525.28
Donations and contributions	15.00	15.00
Payments to auditors (Refer Note below)	20.92	20.35
Loss on fixed assets sold / scrapped / written off	28.37	68.08
Miscellaneous expenses	1,569.23	1,476.30
TOTAL	**11,582.93**	**10,774.62**
Note:		
Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit	17.97	17.43
- tax audit	2.56	2.44
For reimbursement of expenses	0.39	0.48
	20.92	20.35

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

23 Contingent liability in respect of:

(₹ in Lakhs)

		2011 - 12	2010 - 11
(a)	Central excise duty and Customs duty demands disputed	153.42	105.63
(b)	Income tax demands disputed	2,816.88	3,816.81
(c)	Sales tax demands disputed	794.87	794.87
(d)	Claims against the Company not acknowledged as debts	202.88	210.55

24.	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	3,232.33	2,868.85

25. 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 reportable segment.

26. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns, 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 rental expenses and income is ₹142.15 lakhs (previous year ₹ 180.03 lakhs) and ₹ 27.00 lakhs (previous year ₹ 53.20 lakhs) respectively.

27. The amount of borrowing costs capitalized during the year is ₹467.14 Lakhs (previous year Nil)

28. 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

(B) Transactions with related parties

(₹ in Lakhs)

Nature of Transactions	2011 – 12	2010 – 11
Loan repaid by		
- Mafatlal Industries Limited	2,185.41	1,671.07
Purchase of Materials / Services:		
- Navin Fluorine International Limited	3.24	7.25
Reimbursement of Expenses:		
- Mafatlal Industries Limited	12.91	12.78
Remuneration Paid to:		
Key Management Personnel		
- Mr. C.R.Gupte	179.79	174.35
Refund of Office Deposit :		
- Mafatlal Industries Limited	-	249.90
Rent Paid to:		
- Mafatlal Industries Limited	43.20	83.89
- Navin Fluorine International Limited	28.80	28.80
Interest Reimbursed by :		
- Mafatlal Industries Limited	-	29.93
Amount outstanding at the year end		
Loans and Advances given		
- Mafatlal Industries Limited	-	2,185.41
Trade Creditors Payable		
- Navin Fluorine International Limited	-	0.82
- Mafatlal Industries Limited	13.23	42.77
Office / Flat Deposit given		
- Mafatlal Industries Limited	22.28	22.28

Related parties have been 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 31.3.2012	Maximum amount outstanding during the year
Mafatlal Industries Limited	- (2,185.41)	2,185.41 (3,856.48)

Note: Figures in the brackets relate to previous year.

29. Tax

(a) Current Tax Comprises of:

(₹ in Lakhs)

	2011-12	2010-11
Tax expense for the year	1,538.89	1,544.25
Tax credit relating to prior years	(326.19)	(3.22)
	1,212.70	1,541.03

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

	2011 – 12	2010 – 11
Depreciation	1,783.04	1,870.25
Carried forward losses	(101.22)	(123.40)
Provision for doubtful debts and advances	(97.82)	(97.82)
Expenses allowed on payment basis	(414.53)	(385.87)
Others	1,135.19	909.06
Net deferred tax liability	2,304.66	2,172.22

30. Earnings per share:

(₹ in Lakhs)

	2011 – 12	2010 – 11
Profit available to Equity shareholders (₹ in Lakhs)	3,454.90	3,350.74
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	2.15	2.08
Earnings per share (₹) – Diluted	2.15	2.08
Note: There is no dilution to the basic EPS as the results are anti-dilutive.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

31. ESOP scheme

	2011-12	2010-11	2009-10	2007-08
	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	**1-April-2011**	25-May-2010	9-June-2009	27-Aug-2007
Contractual life	**10 years**	10 years	10 years	10 years
Outstanding as at 1 April 2011	**-**	973,000	425,100	425,100
Granted during the year	**973,000**	-	-	-
Forfeited during the year	**-**	-	-	-
Exercised during the year	**-**	-	-	-
Outstanding as at 31 March 2012	**973,000**	973,000	425,100	425,100
Vesting Schedule (from the date of grant)				
First Year	**25%**	25%	25%	25%
Second Year	**25%**	25%	25%	25%
Third Year	**25%**	25%	25%	25%
Fourth Year	**25%**	25%	25%	25%
Method of settlement	**Equity**	Equity	Equity	Equity

Details of ESOP granted during the year:

	2011 - 12	2010 – 11
Estimated fair values (arrived at by applying Black Scholes Option Pricing Model) ₹	**9.02**	10.59
Exercise Price ₹	**16.65**	20.60
Expected Volatility	**57.58%**	61.18%
Risk free rate of return	**7.83%**	7.35%
The weighted average contractual life of the options outstanding	**10 years**	10 years

Had fair value method been used, the compensation cost would have been higher by ₹ 90.78 Lakhs (previous year ₹97.35 Lakhs), profit after tax would have been lower by ₹61.33 Lakhs (previous year ₹ 68.14 Lakhs) and EPS – both Basic and Diluted – would have been ₹ 2.11 per share (previous year ₹ 2.04 per share).

32. Employment and Retirement Benefit

(₹ In Lakhs)

				31.03.2012	31.03.2011
1	**Post-Employment benefits**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	**141.86**	133.20
		ii)	Company's contribution to Superannuation Fund	**37.29**	37.22
	b)	Defined benefit scheme			
		Gratuity Funded:			
	a)		Liability recognized in Balance Sheet		
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	**1,032.20**	968.91
			Service Cost	**53.40**	42.85
			Interest Cost	**85.16**	82.36
			Actuarial (Gain) / Loss on Obligations	**3.73**	(46.79)
			Benefits paid	**(93.56)**	(15.13)
			As at 31 March	**1,080.93**	1,032.20
			Less: Fair Value of Plan Assets		
			As at 1 April	**929.47**	789.15
			Expected Return on Plan assets less loss on Investments	**74.36**	75.94
			Contribution	**102.73**	179.76
			Benefits paid	**(93.56)**	(39.44)
			Actuarial Loss on Plan Assets	**(0.32)**	(75.94)
			As at 31 March	**1,012.68**	929.47
			NET	**68.25**	102.73
		Unfunded:			
			Present Value of Obligations		
			As at 1 April	**520.10**	453.22
			Service Cost	**27.96**	20.92
			Interest Cost	**42.91**	38.59
			Actuarial Loss on Obligations	**12.73**	31.68
			Benefits paid	**(34.98)**	(24.31)
			As at 31 March	**568.72**	520.10
			Net Liability	**636.97**	622.83
	b)		Expense during the year		
			Service Cost	**81.36**	63.77
			Interest Cost	**128.07**	120.95
			Expected Return on Plan assets	**(74.36)**	(75.94)
			Actuarial Loss on Obligations	**16.78**	60.82
	c)		Principal actuarial assumptions		
			Rate of Discounting	**8.50%**	8.25%
			Rate of Return on Plan Assets	**8.60%**	8.00%
			Rate of increase in salaries	**4.99%**	4.42%
			Attrition Rate	**2%**	2%
2	**Breakup of Plan Assets:**				
		i)	Government Bonds	**477.84**	477.03
		ii)	Corporate Bonds	**421.70**	426.66
		iii)	Special Deposit Scheme	**8.71**	8.71
		iv)	Others	**104.43**	17.07
			TOTAL	**1,012.68**	929.47

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (Contd...)

The company expects to contribute ₹ 98.45 Lakhs (previous year ₹ 102.73 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	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	**1,649.65**	1,552.29	1,422.13	1,221.80	1057.39
Plan asset	**1,012.68**	929.47	789.15	643.03	662.71
Deficit	**636.97**	622.82	632.98	578.77	394.68
Experience adjustment on liabilities – loss	**57.28**	74.49	235.35	150.39	-
Experience adjustment on plan assets – loss	**0.32**	75.94	6.74	0.21	-

33. The amount of exchange differences included in the net profit for the year aggregates to ₹ 181.47 Lakhs (Previous year ₹ 29.02 Lakhs).

34. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding Forward Exchange Contracts as at 31 March 2012 and 31 March 2011.

(b) The year end foreign currency exposures that have not been hedged are as follows.

(Figures in Lakhs)

	31 March 2012		31 March 2011	
	₹	Foreign Currency	₹	Foreign Currency
Unhedged				
Creditors for goods	**1,862.61**	**USD 32.19 EURO 3.18**	2,464.56	USD 50.01 EURO 3.68
Debtors	**2,534.59**	**USD 43.87 EURO 4.30**	3,037.54	USD 63.54 EURO 3.21
Creditors for expenses	**49.88**	**USD 0.87 EURO 0.08**	87.36	USD 1.88 EURO 0.06

35. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per attached report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner

Place : Mumbai
Date : 30 May 2012

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

Rohit Arora
P. V. Bhide
V. R. Gupte
C. L. Jain
Vishad P. Mafatlal
D.N.Mungale
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 FIFTIETH ANNUAL GENERAL MEETING of the Company being held at 4.00 P.M. on Tuesday, 31 July 2012 at Rama Watumull Auditorium, K.C.College, Dinshaw Wacha 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 FIFTIETH ANNUAL GENERAL MEETING of the Company to be held at 4.00 P.M. on Tuesday, 31 July 2012 at Rama Watumull Auditorium, K.C.College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 and at any adjournment thereof.

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

Affix ₹ 1 Revenue Stamp

DP ID No. : ....

No. of Shares held : ....

Signature of the Member

Signed this .... day of July, 2012.

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.

Dahej Plant Under Construction

Book - Post

Designed & Printed by
Rivera Systems

Arvind Mafatlal Group
The ethics of excellence

NOCIL LIMITED

If undelivered please return to :
Mafatlal House, H. T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400 020, INDIA.
Telephone : 66364062 Fax : 66364060. E-mail : investorcare@nocilindia.com. Website : www.nocil.com