NOCIL LIMITED

51st ANNUAL REPORT 2012 - 13

ARVIND MAFATLAL GROUP
The ethics of excellence

NEW PLANT AT DAHEJ

CONTENTS

REGISTRAR AND SHARE TRANSFER AGENTS:

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

Sharepro Services (India) Pvt. Ltd.
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, 22 July 2013 to Monday, 29 July 2013.
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 Initiative", the Annual Reports are being sent through electronic mode to those members who have registered their e-mail addresses with their Depository Participants / or with the Company or with the Company's Registrar and Share Transfer Agents. Members who have not yet registered their e-mail addresses for receiving Annual Report, Notices and other documents in electronic mode are requested to register their e-mail address for the purpose.
9. Annual Report for Financial Year 2012-13 is being uploaded on the website of the Company viz. www.natocil.com for reference of the Members of the Company.

51st ANNUAL GENERAL MEETING

Date : 29 July 2013
Day : Monday
Time : 2.30 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	
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

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

SOLICITORS & ADVOCATES

Vigil Juris
PDS Legal

BANKERS

HDFC Bank Ltd.

Export-Import Bank of India

AXIS Bank Ltd.

IDBI Bank Ltd.

REGISTERED OFFICE

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

PLANT

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

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

CONTACT DETAILS

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

NOTICE

NOTICE is hereby given that the FIFTY FIRST Annual General Meeting of the Members of NOCIL Limited will be held at 2.30 p.m. on Monday, the 29 July 2013, 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 Statement of Profit and Loss, Cash Flow Statement of the Company for the year ended 31 March 2013 and the Balance Sheet as at 31 March 2013 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. C.L.Jain 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. D.N.Mungale who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. P.V. Bhide who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Messrs Deloitte Haskins and Sells, Chartered Accountants, Mumbai (Registration No. 117366W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2013-14, 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.

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

V.K.Gupte
Company Secretary

Dated: 30 May 2013

NOTES:

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

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

2 The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 22 July 2013 to Tuesday, the 29 July 2013 (both days inclusive).

3. The dividend for the year ended 31 March 2013 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 29 July 2013. 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 2 August 2013.

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
31 March 2012	6 August 2012	6 August 2019

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

(In pursuance of Clause 49 of the Listing Agreement)

Mr. C.L.Jain :	
Age & Qualifications:	79 M.Com., Member of the Institute of Company Secretaries of India, The Institute of Chartered Accountants of India, The Institute of Chartered Secretaries & Administrators, London, The Chartered Management Institute, London.
Expertise in Specific Functional Areas	Mr. Jain has more than 40 years of working experience with various organizations including ICI, Hindustan Lever Ltd, Hoechst India Ltd etc. He was the Finance Director of Hoechst India Ltd and later President of Ceat Asset Management Ltd. (Ceat Mutual Fund). He was visiting faculty Member of the Bajaj Institute of Management and other Institutes for 2 decades. He was also Chairman of the Banking and Finance Committee of the Bombay Chamber of Commerce and Industry for 4 years (1992-1996).
Directorships held in other Companies	1. Asit C. Mehta Investment Intermediates Ltd. 2. United Breweries Ltd. 3. SW Finance Co. Ltd. 4. RPG Life Science Ltd. 5. Practical Financial Services Pvt. Ltd 6. Pioneer Distilleries Ltd.
Memberships / Chairmanships of Committees of other Companies	Audit Committee : Chairman – RPG Life Science Ltd. : Member – United Breweries Ltd. Investors Grievance Committee : Member – United Breweries Ltd. Remuneration Committee : Chairman – RPG Life Science Ltd. : Member – United Breweries Ltd.
Number of shares held in the company	NIL.
Disclosure of relationship	Mr. C.L.Jain is not related to any Director of the Company.

Mr. D.N.Mungale :	
Age & Qualifications:	59 B.Com., LL.B., Member of the Institute of Chartered Accountants of India
Expertise in Specific Functional Areas	Mr. Mungale has spent the major part of his career in Corporate and Investment Banking in India and Europe with Bank of America and DSP Merrill Lynch Limited. He is presently acting as an advisor to select corporations in India and Europe. He is on the boards of various Public and Private Ltd. companies.
Directorships held in other Companies	1. Chowgule Steamships Ltd. 2. Kalpataru Ltd. 3. LIC Housing Finance Ltd. 4. Mahindra & Mahindra Financial Services Ltd. 5. Mahindra Composites Ltd. 6. Samson Maritime Ltd. 7. Sicagen India Ltd. 8. Tamilnadu Petroproducts Ltd.
Membership/Chairmanship of Committees of other Companies	Audit Committee : Chairman – Chowgule Steamships Ltd.; Mahindra & Mahindra Financial Services Ltd. Member – LIC Housing Finance Ltd.; Mahindra Composites Ltd.; Sicagen India Ltd.; Kalpataru Ltd.; Samson Maritime Ltd. Compensation Committee Member – Chowgule Steamships Ltd.; Mahindra & Mahindra Financial Services Ltd.; Mahindra Composites Ltd.; Sicagen India Ltd.; Kalpataru Ltd.; Samson Maritime Ltd. Asset Liability Committee Chairman – Mahindra & Mahindra Financial Services Ltd
Number of shares held in the Company	Nil
Disclosure of relationship	Mr.D.N.Mungale is not related to any Director of the Company.

Mr. P.V.Bhide :			
Age & Qualifications:	63 years B.Sc. (Hons), LL.B., M.B.A. I.A.S. of 1973 Batch-Andhra Pradesh Cadre		
Expertise in Specific Functional Areas	Mr. Bhide retired in January, 2010 as Revenue Secretary, Ministry of Finance, Govt. of India. Prior to that Mr. Bhide was Secretary, Department of Disinvestment. He has also served as Special Secretary and Additional Secretary of Ministry of Home Affairs, Govt. of India. Mr. Bhide had earlier worked as Director in the Department of Economic Affairs and was deputed to the World Bank during 1988-92 as Technical Advisor. In the State Government, he has served in various capacities including Finance Secretary and Energy Secretary. He was also Managing Director in APCO and Godavari Fertilizers & Chemicals Ltd.		
Directorships held in other Companies	1. Glaxo Smithkline Pharmaceuticals Ltd. 2. L & T Finance Ltd. 3. Heidelberg Cement India Ltd. 4. Tube Investments of India Ltd. 5. L & T Finance Holdings Ltd. 6. Ballarpur Industries (BILT) Ltd. 7. Ballarpur International Graphic Paper Holdings B.V. 8. BILT Graphic paper Products Ltd. 9. Joshi Technologies International Inc. 10. A.P.I.D.C. Venture Capital Pvt. Ltd.		
Memberships / Chairmanships of Committees of other Companies	Audit Committee	Chairman	L & T Finance Ltd. Ballarpur Industries Ltd.
		Member	Heidelberg Cement India Ltd. Tube Investments India Ltd.
	Investors Grievances Committee	Member	Glaxo Smithkline Pharmaceuticals Ltd. Heidelberg Cement India Ltd.
	Sr. Management Review Committee	Member	Glaxo Smithkline Pharmaceuticals Ltd
Number of shares held in the company	NIL		
Disclosure of relationship	Mr. P.V.Bhide is not related to any Director of the Company.		

Registered Office:

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

Date : 30 May 2013

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

V.K.Gupte
Company Secretary

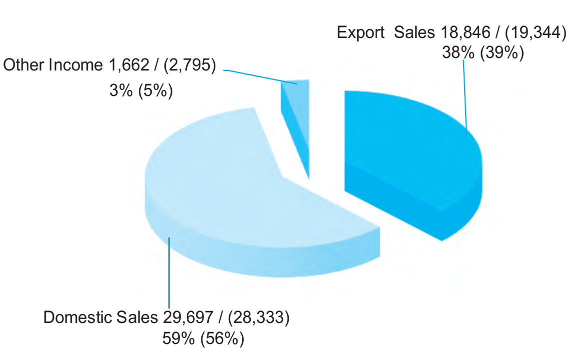
(₹ in lakhs)

SUMMARISED FINANCIAL DATA						
Sr. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
	STATEMENT OF PROFIT AND LOSS					
1	Total Income	47,869.92	44,607.69	45,893.40	50,473.65	50,205.16
2	EBITDA	6,619.33	5,790.37	5,610.94	5,611.28	3,348.53
3	Interest	398.38	14.73	12.45	43.16	375.49
4	Depreciation	805.93	762.53	798.51	899.34	784.57
5	Profit before Exceptional Items	5,415.02	5,013.11	4,799.98	4,668.78	2,188.47
6	Exceptional Items	0.00	0.00	0.00	22.45	2,225.00
7	Profit before Tax	5,415.02	5,013.11	4,799.98	4,691.23	4,413.47
8	Profit after Tax	3,616.14	3,402.68	3,331.82	3,399.06	4,249.02
9	Earning per share (EPS) Rs	2.25	2.12	2.07	2.11	2.64
10	Dividend (₹ per Share)	0.60	0.60	0.60	0.60	0.60
	BALANCE SHEET					
11	Net Fixed Assets	10,456.30	10,300.46	12,408.71	20,187.90	30,449.09
12	Investments	2,483.13	2,483.13	2,483.13	2,505.58	4,730.58
13	Other Assets (Net) *	18,704.50	19,850.14	18,209.88	20,826.99	16,963.49
14	Borrowings (including short term borrowings)	3,148.23	1,671.07	0.00	8,045.88	13,050.30
15	Share Capital	16,078.70	16,078.70	16,078.70	16,078.70	16,078.70
16	Free Reserves	10,442.61	12,716.62	14,927.20	17,205.03	20,325.38
17	Total Net Worth	26,521.31	28,795.32	31,005.90	33,283.73	36,404.05
18	Deferred Tax Liability	1,974.39	2,167.35	2,095.82	2,190.16	2,688.77
19	Book Value per Equity Share (17/No. of shares) (Face value-₹10 per share)	16.49	17.91	19.28	20.70	22.64
20	Debt / Equity Ratio (14/17)	0.12	0.06	0.00	0.24	0.36
21	Operating EBITDA (%) (2/1)	14%	13%	12%	11%	7%
22	Profit after Tax (%) (8/1)	8%	8%	7%	7%	8%
23	Return on Net Worth (%) (8/17)	14%	12%	11%	10%	12%
24	Return on Capital Employed (%) {2/(11+12+13)}	21%	18%	17%	13%	6%

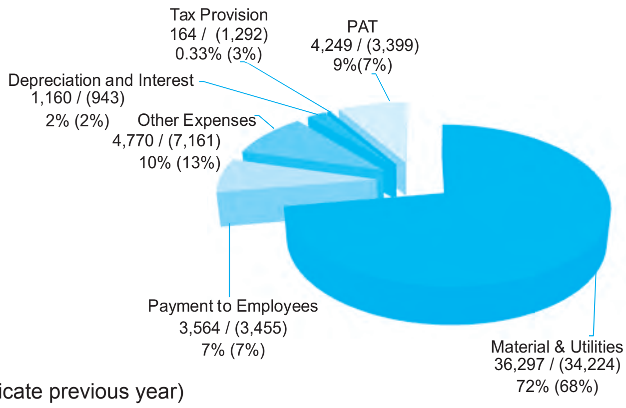
* Other Assets are net of Current & Non Current Assets and Liabilities.

₹ in lakhs

Rupees Earned



Rupees Spent



(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 2013.

FINANCIAL RESULTS		(₹ in crore)
Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Net Revenue	488.18	481.49
Other Income	13.87	23.25
Total Income	502.05	504.74
Profit before Tax	44.13	46.91
Profit after Tax	42.49	33.99
Earnings per share (of ₹10/- each)	₹2.64	₹2.11
Proposed Dividend	9.65	9.65
Tax on Dividend	1.64	1.57

PERFORMANCE OF THE COMPANY

The year experienced one of the most challenging business environments which the rubber chemicals industry has ever faced. Most major customers of your Company undertook significant production cuts to align their production with the decline in the demand from the automobile sector. This in turn, resulted in lower demand for Rubber Chemicals.

Despite this, the turnover of your Company, for the year under review, touched ₹ 527 crore as compared to ₹511 crore in the previous year, representing an increase of about 3%. The production of rubber chemicals and their intermediates, for the year under review was 33341 MT as against 37173 MT, representing a decrease of about 10% as compared to the previous year.

On the back of high crude oil and benzene prices, the prices of practically all our major inputs rose to levels seldom witnessed over the last 5-7 years. Unfortunately, we could not pass commensurate price increases to our customers, in view of the aggressive dumping of rubber chemicals into the country by the Chinese/Korean/European suppliers. Your Company, therefore, on occasion had to curtail the production of certain key products, in line with the reduced residual demand post this dumping.

Efforts however were made from the fourth quarter of this year, to pass on some increases to customers to mitigate, at least partially, the impact of some of the cost increases.

As reported last year, one of the major initiatives undertaken by your Company's management, was to set-up a new manufacturing facility at Dahej in Gujarat, with a much improved process technology, to produce a key intermediate for an important product in our range of rubber chemicals. We are happy to inform you that the said facility commenced commercial production from early March 2013.

Although, the overall business conditions at this critical juncture do not look very healthy, your Company's management is confident that your Company will tide over this situation soon, as some more realignment in the global rubber chemicals industry is expected, which should improve the market conditions.

We are also hopeful that, pursuant to our petition to the GOI authorities against the dumping, we will receive suitable relief by way of imposition of antidumping duties. Consequently, our operational performance should improve from the current levels.

EXPORTS

The slowdown in the European and Japanese economies affected our export volumes, as the demand for rubber chemicals in these markets got adversely impacted. Your Company recorded an export sales turnover of ₹188 crore, for the year under review as against ₹193 crore in the previous year.

PROJECT

Our Project at Dahej in Gujarat was commissioned for trial runs, from the second half of the year. Commercial Production at Dahej Site commenced on successful completion of a sustained and stable production run, and on receiving product approvals from all our major customers. It is noteworthy that the entire project was completed and commissioned by a dedicated in-house technical and engineering team. We are proud to mention that this was a project where no external technical collaboration was sought, particularly when such a complex and intricate chemical process was involved. Only a couple of producers in the world, have succeeded in using this chemical process.

The Project could have been commissioned a few months earlier, had timely and adequate power supply been made available by the Electricity Board. Production at the plant is expected to be optimized during the first half of the coming year. This project will enable the Company to improve its operational performance, through the technological innovations/improvements made in the new manufacturing process.

The total expenditure incurred for this project is well within the original sanctioned amount of ₹250 crore, and the debt component of the project will be less than the originally estimated amount.

FINANCE & RATING

Your Company has enhanced its working capital facilities, to cover Dahej operations as well. Besides the existing banks, IDBI Bank has also been inducted for the Working Capital Facilities.

Credit Rating Agency, CARE, in their recent evaluation, has upgraded our Long Term Credit Rating from CARE "A+" to CARE "AA-" and reaffirmed their rating of "CARE A1+" for short term borrowings. The improvement in ratings, is an acknowledgement from CARE towards the consistent performance of your Company, in spite of the prevailing difficult market conditions.

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 ₹11.29 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 2006, hence during the year amount transferred to the Investor Education and Protection Fund was Nil. Unclaimed Dividend for the financial year 2005-06 declared on 31 July 2006 and paid on 7 August 2006 is due for transfer to Investor Education and Protection Fund on 7 August 2013.

FIXED DEPOSITS

All the fixed deposits which have matured on or before 31 March 2005 and remained unclaimed, the entire unclaimed amount of fixed deposits has been transferred to Investor Education & Protection Fund, as required under Section 205C of the Companies Act, 1956. Since, the Company no longer accepts deposits from public, there are no outstanding/unclaimed deposits as at 31 March 2013.

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

The Company follows a well established and responsible policy on health, safety and environment, which every employee is expected to follow and also carefully monitor various practices and procedures which are adopted. The sustainability of the business itself reflects the sincere commitment of the management to implement the health, safety and environment policy in totality. Direct and indirect employees are trained in technical skills required to handle various hazardous chemicals, fire fighting jobs and first aid cases. The Company conducts pre-employment as well as regular periodic medical checkups across all employees including contractors' employees to monitor their health on a regular basis. The Company's management wishes to reiterate its deep and abiding commitment to this cause.

TOTAL QUALITY MANAGEMENT

The Company continues to be certified for ISO 9000 (Quality Management Systems) and ISO 14001 (Environment Management Systems) as well as for OHSAS-18001 (Occupational Health & Safety System Standards). We are happy to mention that the Company enjoys an exemplary track record in all these three systems. The Quality Control Laboratory of the Company is certified for ISO 17025. In addition to all these, the Company is also certified for TS 16949 (Quality System for Automotive Sector).

RESEARCH & DEVELOPMENT

Research, Development and implementation of Technology, continue to be one of the key focus areas and business strategy for NOCIL, to ensure continuous and sustainable growth in its business. Dahej project is based entirely on in-house Research and was translated into a commercial venture, by NOCIL Technical and Engineering Team.

Your Board would like to make a special mention about the excellent work done by the R&D and Technology groups of the Company. Some of the initiatives taken in this connection by the Company are expected to yield excellent long term benefits for the organization.

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 i.e. M/s. N. Aneja Assurance Pvt. Ltd., Chartered Accountants to conduct the internal audit, and the findings and recommendations of the Internal Auditors are placed before the Audit Committee of your Board regularly.

SUBSIDIARY & AMG GROUP COMPANIES

We wish to inform you that PIL Chemicals Pvt Ltd, a wholly owned subsidiary of the Company, recorded a Profit before Tax of ₹26.81 lakhs, for the year under review.

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 2013. Your Board of Directors in their meeting held on 30 May 2013 has by resolution also given consent for not attaching the Balance Sheet of the subsidiary Company for financial year 2012-13. Shareholders interested in obtaining copies of annual reports of subsidiary companies are requested to get in touch with the Office of the Company Secretary.

The Board is also pleased to inform that post successful restructuring of Mafatlal Industries Ltd (MIL) from BIFR, and on receipt of repayment of loan advanced by your Company to MIL, the dimunition in the value of investments amounting to ₹22.25 crores made in the earlier years is now reversed and shown as an exceptional item in the Statement of Profit and Loss.

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

At the forthcoming Annual General Meeting, Mr. C.L. Jain, Mr. D.N. Mungale and Mr. P.V.Bhide retire by rotation, pursuant to Article 145 of the Articles of Association of the Company. Being eligible, they offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. The Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 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 form a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has always been in the forefront in discharging its social responsibilities. Accordingly, your Board sanctioned a sum of ₹15 lakhs by way of a donation to Shri Sadguru Seva Sangh Trust, which has been conducting over 140,000 eye operations in the rural areas. The Trust is also involved in providing quality and affordable education to the children of the economically weaker sections of the society, support in the field of dairy farming, women empowerment and has provided relief to those affected by natural calamities and disasters.

Your Company, in addition to its continued endeavours in greening its surrounding areas, also provides Medical Aid to the nearby villages on various occasions. It also organises Disaster Management / Safety Training Programmes for its neighbouring industries.

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 being eligible, they offer themselves 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 AUDITOR

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 with 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 2013-14 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. The Cost Audit Report in respect of F.Y. 2012-13 will be filed on or before the due date i.e. 27 September 2013.

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 its 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
Dated : 30 May 2013

Hrishikesh A. Mafatlal
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

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

(a)	Options granted till 31-03-2013	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 31-03-2013	14,73,675
(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.	See Note 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.	₹ 46.09 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	N.A.
	(ii) Weighted average fair value (black scholes model)	N.A.
(n)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	
	Variables	
	a) Risk-free rate	N.A.
	b) Expected Life	N.A.
	c) Volatility expected	N.A.
	d) Expected Dividend	N.A.
	e) Exercise Price	₹ 25.35, ₹ 23.40, ₹ 20.60 and ₹ 16.65

Note : No fresh stock options granted during the year.

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 2013.

CONSERVATION OF ENERGY

a) **Energy conservation measures taken in 2012-13**

1. Replacement of existing process pumps in plant has resulted in electrical energy savings of ₹ 8.4 lakhs per annum on annualized basis.
2. Replacement of refrigeration compressor by energy efficient compressor has resulted in electrical savings of ₹ 3.8 lakh per annum on annualized basis.
3. Fuel switch from liquid fuel to Natural gas continued, which has resulted in savings of ₹ 200 lakhs per annum.
4. Improvement in efficiency of coal fired boiler has resulted in fuel savings of ₹ 110 lakhs per annum.

b) **Energy conservation measures to be taken in 2013-14**

1. Replacement of process pumps by energy efficient pumps will result in electrical energy savings of ₹4.0 lakhs per annum.
2. Optimization of brine pumping system will result in annual savings of ₹ 8 lakhs per annum.
3. Optimization of cooling tower fan operation will result in annual savings of ₹ 2 lakhs per annum.
4. Optimization of steam demand management will result in electrical energy savings of ₹ 4.5 lakhs per annum.

FORM - A

Disclosure of particulars with respect to conservation of energy

A		POWER AND FUEL CONSUMPTION		F.Y 2012-13	F.Y 2011-12
	1.	ELECTRICITY (FOR MANUFACTURING)			
		(a) Purchased			
		Unit	MWH	23039.29	23675.28
		Total amount	₹ Lakhs	1808.04	1569.93
		Rate/Unit (average)	₹/KWH	7.85	6.63
		(b) Own Generation			
		(Through Diesel Generator)			
		Unit	MWH	4	12
		Unit/MT of Diesel Oil	MWH	3.17	3.65
		Fuel Cost/Unit	₹/KWH	14.14	12.26
	2.	FUEL (FOR MANUFACTURING)			
		(a) Coal			
		Quantity	MT	18914.97	20346.94
		Total Cost	₹ Lakhs	1176.33	1134.28
		Average rate	₹/MT	6219	5575
		(b) Furnace Oil			
		Quantity	MT	468.26	1207.86
		Total Cost	₹ Lakhs	191.37	426.22
		Average rate	₹/MT	40869	35287
		(c) Low Sulphur Heavy Stock (LSHS)			
		Quantity	MT	388.07	1468.30
		Total Cost	₹ Lakhs	173.68	570.75
		Average Rate	₹/MT	44755	38871
		(d) Piped Natural Gas (PNG)			
		Quantity	M3	3491.36	2646.719
		Total Cost	₹ Lakhs	1043.28	695.73
		Average Rate	₹M3	29882	26287
B		CONSUMPTION PER UNIT OF PRODUCTION			
		Electricity	MWH/MT	0.85	0.76
		Fuel/LSHS	MT/MT	0.01	0.05
		Furnace Oil	MT/MT	0.02	0.04
		Coal	MT/MT	0.70	0.65
		Piped Natural Gas	M3/MT	0.13	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) Development of new product and process to meet the current and future demands of the customers in terms of quality and environment friendly products.

b) Continuous improvement in current process specifically to take them towards the initiative of "Green Chemistry".

c) Implementation of effective IPR system and patenting the research work to safeguard the technologies developed by the company.

d) Research work on new technology and process to dovetail them in the existing processes / technology.

2. Benefits derived as a result of R & D:

a) Commercial plant at Dahej based on in-house research.

b) National and International Patents for various research work.

c) Improved waste management system.

d) Reduction in usages for certain product to achieve business sustainability.

3. Future Plans:

a) Development in the areas of (a) heterogeneous catalytic system (b) green chemistry (c) Modification/ Innovations in unit operations/ processes for continuous improvement.

b) Development of product / process as per the current and future demand of the customers at optimum cost. Development in the areas of (a) heterogeneous catalytic system (b) green chemistry (c) Modification/ Innovations in unit operations/ processes for continuous improvement.

4. Expenditure on R & D

(₹ in Lakhs)

	2012-13	2011-12
Capital	9.75	68.95
Recurring	269.52	267.67
Total	279.27	336.62
Total R&D expenditure as % to Total turnover	0.53	0.66

B. TECHNOLOGY ABSORPTION

Efforts in brief made towards technology absorption

a) Dahej commercial venture is based on the process/ technology developed by Research and Technology group of NOCIL.

b) Process modifications in the existing plant to enhance capacity by change in processes.

c) A new effluent treatment scheme to recover and recycle valuable chemicals.

Benefit derived as a result of above efforts:

a) Capacity enhancement without additional hardware has resulted into lower per unit consumption of energy.

b) Conservation of water and electricity due to implementation of "green chemistry" initiatives.

c) Acknowledgement by national and international customers as a "research oriented organisation."

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Foreign exchange used	₹ in crore
i)	Raw materials, stores and spare parts, Capital goods and other products	136.06
ii)	Expenditure in foreign currency	1.52
	Foreign Exchange Earned	
	Export of goods on FOB basis, Commission and Service Charges.	189.60

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30 May 2013

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 set up authority matrics to the senior management to help them supervise the financial matters and exercise control over the expenditure incurred in its day-to-day operations.

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

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

2. Board of Directors

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

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

Mr. Hrishikesh 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.

Mr. Berjis Desai, Independent Director, expressed his inability for re-appointment at the Annual General Meeting held on 31 July, 2012 hence ceased as a Director effective from that date.

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 31-03-2013	No. of Board meetings attended during FY 2012-13	No. of Directorship in Public Companies as on 31-3-2013*	No. of Board Committee Membership held in Public Companies as on 31-3-2013**		Attendance at last AGM held on 31st July, 2012
						Chairman	Member	
1.	Hrishikesh A. Mafatlal	Chairman – Non-Executive Promoter Group Director	39900	6	8	-	2	Yes
2.	Vishad P. Mafatlal	Non-Executive Promoter Group Director	200	6	7	-	1	Yes
3.	Rohit Arora	Non-Executive Independent Director	-	4	3	1	3	No
4.	V.R. Gupte	Non-Executive Director	600 #	5	2	-	2	Yes
5.	N. Sankar	Non-Executive Independent Director	-	4	4	-	1	Yes
6.	C.L.Jain	Non-Executive Independent Director	-	5	6	2	4	Yes
7.	D. N. Mungale	Non-Executive Independent Director	-	6	9	2	8	Yes
8.	P.V.Bhide	Non-Executive Independent Director	-	5	8	2	6	No
9.	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.

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 2012	10	9
2	31 July 2012	10	7
3	22 October 2012	9	7
4	20 December 2012	9	7
5	29 January 2013	9	9
6	19 March 2013	9	8

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 Fiftieth Annual General Meeting was held on 31 July 2012.

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

3. Audit Committee

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement 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 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/ statements 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 Act, 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 31 July 2012.

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 2012-13
Mr. C.L.Jain, Chairman	Independent, Non-Executive	4
Mr. N.Sankar	Independent, Non-Executive	3
Mr. Rohit Arora	Independent, Non-Executive	2
Mr. D.N.Mungale	Independent, Non-Executive	4
Mr. V.R.Gupte	Non-Executive	4

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

30 May 2012, 31 July 2012, 22 October 2012 and 29 January 2013.

The requisite quorum was present at the meetings.

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

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

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

4. Share Transfer Committee

The present members of the Committee are Mr. H.A. Mafatlal, Chairman, Mr. C.R.Gupte, Managing Director, Mr. P. Srinivasan, Vice President (Finance) and Mr. V.K.Gupte, Company Secretary. Mr. H.A. Mafatlal is the Chairman of the Committee.

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 once in a week 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. The Minutes of the Committee are circulated to the Board of Directors.

5. Investors' Grievance Committee

The present members of the Committee comprises Mr. D.N.Mungale, Chairman, Mr. Hrishikesh A. Mafatlal, Mr. Vishad P. Mafatlal and Mr. C.R. Gupte. The Committee meets twice or thrice in a year and as and when the need arises. The Committee reviews the complaints received by the Company from its investors and the action taken by the management to sort out these complaints. The Minutes of the Committee are circulated to the Board of Directors.

The Company received 7 complaints from shareholders in Financial Year 2012-13 and all the complaints were resolved to the satisfaction of the investors.

Mr. V.K.Gupte, General Manager (Legal) and Company Secretary is Compliance Officer.

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, Chairman	Independent, Non-Executive
Mr. N.Sankar	Independent, Non-Executive
Mr. D.N.Mungale	Independent, Non-Executive

Remuneration Committee meeting was held on 30 May 2012 and on 19 March 2013.

Remuneration Policy

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

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, Allowances & Perquisites	Contribution to Funds	Total
Mr. C. R. Gupte Managing Director	108.52	25.83	134.35

During the financial year 2012-13 no Stock Options were granted to Mr. C.R. Gupte. The Remuneration Committee in their meeting held on various dates so far granted in aggregate 13,46,000 Stock Options to Mr. C.R.Gupte, Managing Director, under Employees Stock Options Scheme. 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. Till date, Mr. C.R.Gupte has not exercised any Stock Option.

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 paid to Non-Executive Directors during the financial year 2012-13 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	0.60	3.50	4.10
Rohit Arora	0.80	3.50	4.30
V.R. Gupte	0.90	3.50	4.40
N. Sankar	0.90	3.50	4.40
C.L.Jain	0.90	3.50	4.40
D. N. Mungale	1.20	3.50	4.70
P.V.Bhide	0.50	3.50	4.00
Total	**6.40**	**28.00**	**34.40**

*Payable in F.Y 2013-14

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
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.
2011-2012	31 July 2012	Rama Watumull Auditorium, Mumbai	4.00 p.m.

No special resolutions were passed during the last three Annual General Meetings held on 30 July, 2010, 27 July, 2011 and 31 July, 2012. No Special Resolution was passed during last year through Postal Ballot and none is proposed to be passed at the ensuing Annual General Meeting.

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 : 29 July 2013 at 2.30 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 2013-14 (Indicative) :

Quarter ending on June 2013	:	29 July 2013
Half year ending on September, 2013	:	end of October 2013
Quarter ending on December, 2013	:	end of January 2014
Year ending on March, 2014	:	end of May, 2014
Annual General Meeting (2013-14)	:	July / August, 2014

iv) **Date of book closure**

Monday, 22 July 2013 to Tuesday, 29 July 2013 (both days inclusive)

v) Dividend Payment Date

- 2 August 2013 (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 2013-14.

vii) Demat information

The shares of the Company were brought under compulsory demat mode with effect from 29 May 1999. As on 31 March 2013 about 96.79 **%** shareholding representing 155625092 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:

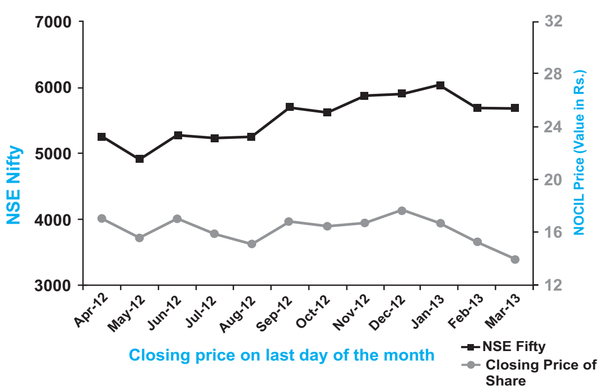
(Figures in ₹)

Bombay Stock Exchange Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	**High**	**Low**	**Month**	**High**	**Low**
April, 2012	18.75	16.35	April, 2012	19.00	15.00
May, 2012	17.90	15.30	May, 2012	18.05	15.20
June, 2012	17.60	15.50	June, 2012	17.65	15.40
July, 2012	18.80	15.80	July, 2012	18.85	15.75
August, 2012	16.90	15.10	August, 2012	16.85	15.10
September, 2012	19.80	15.00	September, 2012	19.85	15.00
October, 2012	17.55	16.45	October, 2012	17.90	16.40
November, 2012	18.20	16.25	November, 2012	18.30	16.20
December, 2012	20.40	16.55	December, 2012	19.80	16.55
January, 2013	19.10	16.65	January, 2013	19.00	16.55
February, 2013	17.05	15.15	February, 2013	17.10	15.10
March, 2013	17.70	13.75	March, 2013	17.65	13.80

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

Stock Performance in comparison to BSE Sensitive Index

Stock Performance in Comparison to 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 31 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 2013

No. of Equity shares held	No. of share-holders	% of share-holders	No. of shares held	% of shareholding
Up to 500	106873	80.44	19458915	12.10
501 to 1000	14037	10.56	11997608	7.46
1001 to 2000	6132	4.62	9722643	6.04
2001 to 3000	2028	1.52	5286137	3.29
3001 to 4000	877	0.66	3223968	2.01
4001 to 5000	902	0.68	4367264	2.72
5001 to 10000	1166	0.88	8924221	5.55
10001 and above	851	0.64	97806224	60.83
Total	132866	100.00	160786980	100.00

xii) Shareholding pattern as on 31 March 2013

Sr No.	Category	No. of shares held	% of shareholding
1	Indian Promoters	58951779	36.66
2	Mutual funds	10920	0.01
3	Banks, financial institutions, insurance companies, etc.	7493331	4.66
4	NRI's / OCBs / FIIs	2346202	1.46
5	Private corporate bodies	14955050	9.30
6	Indian public	77029698	47.91
	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

Navi Mumbai : C-37, Trans Thane Creek Industrial Area
Off Thane Belapur Road,
Navi Mumbai - 400 705 - Maharashtra
Tel. Nos. : 022 – 66730551 – 4

Dahej : Plot No. 12/A/1 and 13/B/1, G.I.D.C.
Dahej, Village-Ambheta, Tal. Vagra
Dist. Bharuch - Gujarat – 392 130.
Tel. Nos. : 02642 - 399200

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 2013.

Place : Mumbai

Date : 30 May 2013

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 2013 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 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

The Indian economy reported GDP growth below 5% during the year under review. Crude oil prices however, at the same time continued to remain at high levels. India being dependant on imports for oil, experienced one of the highest fiscal deficits during this period and the rupee too weakened by about 7%-8% vis-a-vis the US Dollar.

It remains to be seen how the economy performs in the coming year, although the general feeling is that the Indian Economy has "bottomed out" and is expected to grow at higher rates in the coming years, as compared to the year under review. Inflation, which was one of the biggest worries for the government over the last few years, was somewhat under control, as compared to the previous year. In fact, the data released for April 2013, indicated inflation at 4.89% which is the lowest during the last 3 years. Reserve Bank of India (RBI) twice announced reduction in the key interest rates during the year followed by another in May 2013. The International Monetary Fund as well as the Asian Development Bank in their recent releases have predicted that there are good chances that the Indian Economy should grow at a higher rate in the coming years. At the same time, one of the areas of continuing concern is the outlook for the World Economy and the Fiscal Policies of USA, Japan as well as the Euro Zone. Any short term crisis in these markets will definitely impact the overall demand and consequently, Indian exports. This will also impact the Capital Inflows into India, which is one of the critical sources of financing the Current Account Deficit of the country.

On the whole, the business outlook in India is likely to be more positive and should show some improvement in overall demand. A reduction in interest rates is also expected which should augur well for the business.

Rubber Chemicals Industry

Rubber Chemicals are consumed in the rubber application industries. These Chemicals form a very small niche component in the consuming industries, but are very critical by nature from the quality point of view. The demand for rubber chemicals is primarily dependent on the performance of the rubber processing industries as well as the Automotive Sector. All the important economic parameters of a country drive the Automotive Industry. Despite the significant production cuts undertaken by the consuming industry, your Company managed to retain its domestic volumes, for the year under review.

In view of the global slow-down, and its corresponding impact on Automobile / Tyre Industry across the globe, the overall rubber chemicals business, experienced a significant drop in terms of consumption, during the year. This drop not only affected Sales Volumes but also impacted the selling prices of rubber chemicals as well.

Cost increases in various inputs for rubber chemicals, due to high crude oil as well as Benzene prices, aggravated the situation further. The intensified dumping of rubber chemicals into India by our international competitors prevented your Company from raising selling prices and thus had to absorb the increased costs. Even then, through a well diversified portfolio of rubber chemicals, your Company managed to retain its volumes with only a marginal drop as compared with the previous year's levels, but with a drop in margins.

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 in Navi Mumbai, Maharashtra. Effective 7^{th} March, 2013, the Company has commenced commercial production also at Dahej Industrial Estate, Dist. Bharuch 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

Opportunities:

With the economic outlook showing a little more positive trend, on both domestic as well as international front, the demand for rubber chemicals is expected to improve. The setting up of new capacities by the tyre industries in India, as well as neighbouring Asian countries, will create additional demand for rubber chemicals. Your Company, being the largest domestic player with a wide range of excellent quality products, will strive to cash on this opportunity for additional sales volumes over the next 2-3 years.

The global Rubber Chemicals Industry, is expected to witness a further restructuring / closure of capacities due to the current mis-match in the supply demand scenario. This has been further aggravated by the recessionary conditions prevalent, more particularly in the western world. Being an existing player backed by excellent technology and highest ratings from the major customers, both domestic as well as international, gives your Company an edge over its competition. Not only will this restructuring help to improve the sales volumes for the Company, but it will also help improve its selling prices. This will also give your Company the necessary opportunity to further expand its presence in the field of rubber chemicals, the timing of which however, is dependent on the way the above developments unfold.

The presence of multiple raw material sources around Dahej, in addition to other logistical advantages of this location, will not only further enhance the cost competitiveness, but will also enable the Company to mitigate the risk arising out of single-source dependence for certain inputs. 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.

Threats:

If the current weak trend in the automobile/tyre sectors continues for a much longer duration in the developed markets, resulting in further production cuts by major international tyre customers, the demand for rubber chemicals will be impacted adversely and there would be continued pressure on the selling prices. As a result, this situation can affect your Company's export volumes, as it exports a significant part of its production to these customers.

Any delay in getting a suitable relief from the Anti Dumping and Safeguards Authorities may deprive the Company from realising fair prices for its products. In turn, this can impact the operational performance of your Company in the interim period, as capacity utilisation at both manufacturing units may be sub-optimal and costs as a result will get distributed over a smaller volume of output. Financing Costs on the borrowings undertaken for both the Dahej Project as well as for routine Working Capital requirements may also impact the bottom line of your Company.

Delay if any, in restructuring of capacity in the rubber chemicals industry is likely to impact the future expansion plans of your Company.

The continued high prevailing raw-material prices and constraint in obtaining reasonable selling prices, can also impact the operational performance of your Company in the short-term.

Performance of the Year

The Industrial Growth in India during FY 12-13 was at a meagre 1% as compared to 2.90% in FY 11-12. As a result, most business sectors were at best stable, and growth opportunities were limited. Key customers of your Company, undertook production cuts at periodical intervals to align their production with the decline in the Auto sector demand. This in turn resulted in lower demand for Rubber Chemicals. Despite this, your Company through its wide range of products and across a well-diversified customer base, could maintain its sales volumes, through sustained marketing efforts. The growth opportunities in the international markets were weaker than in the domestic markets.

Unlike during the previous slowdown in 2008, crude oil price did not experience any softening and, on the contrary, remained high resulting in higher input costs for your Company. The prices of practically all the major inputs of your Company rose to high levels not witnessed over the past several years. For some of our major inputs, the cost increases were over 60% as compared to the levels of FY 11-12. Due to the mismatch of international supply-demand, your Company too had to occasionally align the production of certain key products downwards in line with reduced market demand.

Despite this, the turnover of your Company for the year under review touched ₹ 527 crore as compared to ₹511 crore in the previous year, representing an increase of about 3%.

The timely setting up of the Dahej Manufacturing facilities with much improved cost competitive technology, will help the Company to tide over this critical stage of business. Besides, your Company will continue to strive for improvement in its market share, by optimising the product mix and offering wide range of products to its customers. You will be happy to note that your Company is one of the few players in the rubber chemicals business, offering such a wide range of products to the end users.

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 Company is continuously 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 dumping practices adopted by the competitors are a matter of concern till such time appropriate reliefs are granted by the Government Authorities.

The Domestic Market for Rubber Chemicals is expected to show a growth, on the back of expansion plans of the Tyre Industry. Overall, the export market has been on a declining trend, largely due to unfavourable conditions that prevailed in certain European economies and Japan.

Prices of key inputs required for manufacture of Rubber Chemicals have been rapidly 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 timely bookings with its vendors, at opportune times and also exploring and developing new vendors on a regular basis.

The Company has been able to partially pass on the increased cost of inputs after January, 2013 by improving some of its selling prices wherever possible and reduce the adverse impact of some of the input cost increases albeit, within limitations imposed by the competitive scenario and dumped imports.

Financial performance – operational performance

Summary of financial performance of the Company is presented below:

(₹ In crore)

Particulars	F.Y 2012-13	F.Y 2011-12
Net Revenues	488.18	481.49
Other Income	13.87	23.25
Total Income	502.05	504.74
EBIDTA	33.49	56.11

During the year under review, the Company achieved a profit before tax of ₹ 44.13 crores as compared to ₹ 46.91 crores in 2011-12. The Sales Volumes showed a marginal decrease of 4%.

On our 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 AA- and reaffirmed for Short Term as CARE A1. The Working capital facilities for both the manufacturing units have been tied up and your Company received very good response from its existing bankers as well as new participating bankers.

The current trend for the rupee is one of weaknesses caused by the overall negative economic sentiment. 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 severe 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 255 management employees at Thane and Dahej, including trainees, and 192 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.

INDEPENDENT AUDITORS' REPORT
To The Members Of NOCIL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NOCIL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act")and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply withethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (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 it 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 comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31stMarch, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

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

Place : Mumbai
Date : 30 May 2013

Annexure to the Independent Auditors' Report
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. Having regard to the nature of the Company's business/activities/results during the year, clauses (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.

   c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

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. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness in such internal control system.

6. In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief 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.

7. 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.

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

9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

10. According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund,Employee State Insurance, Income tax, Wealth-tax, Sales tax, Service tax, Customs duty, Excise duty, Cess, 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, Investor Education and Protection Fund, Employee State Insurance, Income tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited as on 31 March 2013 on account of disputes are given below:

(₹ In Lakhs)

Name of Statute	Nature of dues	Amount	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	865.83	2009-10	Commissioner Appeals
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Sales Tax	5.65	2001-2002, 2004-05	Assistant Commissioner Appeals
		358.71	1995-1999, 2003-04	Appellate Tribunal
The Custom Act,1962	Custom Duty	49.58	2004-2005	CESTAT
The Central Excise Act,1944	Excise Duty	8.39	1991-1996, 1997-99	Commissioner Appeals
		4.63	1994-1995, 2008	Deputy Commissioner
		50.71	1992, 1997, 2001-02	CESTAT
	Service tax	75.27	2007-2012	Commissioner

11. 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.

12. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

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

14. 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
(Firm Registration No. 117366W)

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

Place : Mumbai
Date : 30 May 2013

BALANCE SHEET AS AT 31 MARCH 2013

(₹ in Lakhs)

	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	16,078.70	16,078.70
(b) Reserves and surplus	3	20,325.38	17,205.03
(2) Non-current liabilities			
(a) Long-term borrowings	4	9,316.67	7,500.00
(b) Deferred tax liabilities (net)	29.b	2,688.77	2,190.16
(c) Long term provisions	5	1,179.56	1,823.00
(3) Current liabilities			
(a) Short-term borrowings	6	3,733.63	545.88
(b) Trade payables	7	7,145.74	6,277.46
(c) Other current liabilities	8	4,355.74	1,693.43
(d) Short-term provisions	9	1,372.58	1,283.51
TOTAL		**66,196.77**	**54,597.17**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	29,559.47	7,021.70
(ii) Intangible assets	10	545.54	386.85
(iii) Capital work-in-progress		344.08	12,655.32
(iv) Intangible Assets under development		-	123.30
(b) Non-current investments	11	4,730.58	2,505.58
(c) Long term loans and advances	12	5,186.24	5,331.46
(2) Current assets			
(a) Inventories	13	11,543.95	11,391.51
(b) Trade receivables	14	11,086.61	9,957.79
(c) Cash and cash equivalents	15	1,176.44	3,506.76
(d) Short-term loans and advances	12	1,982.88	1,706.83
(e) Other current assets	16	40.98	10.07
TOTAL		**66,196.77**	**54,597.17**
Significant accounting policies	1		
The accompanying Notes 1 to 39 are an integral part of the financial statements			

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
I	Sale of products	17(i)	52,685.63	51,126.59
	Less: Excise Duty		4,142.77	3,447.86
			48,542.86	47,678.73
	Other operating revenues	17(ii)	274.93	470.37
	Revenue from operations		48,817.79	48,149.10
II	Other Income	18	1,387.37	2,324.55
III	**Total Revenue**		**50,205.16**	**50,473.65**
IV	**Expenses**			
	(a) Cost of materials consumed	19.a	30,337.71	29,929.83
	(b) Purchases of stock-in-trade	19.b	279.96	264.89
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19.c	951.86	(708.68)
	(d) Employee benefits expense	20	3,564.22	3,454.79
	(e) Finance costs	21	375.49	43.16
	(f) Depreciation and amortisation expense	10	784.57	899.34
	(g) Other expenses	22	11,722.88	11,921.54
	Total expenses		**48,016.69**	**45,804.87**
V	**Profit before exceptional items and tax (III-IV)**		**2,188.47**	**4,668.78**
VI	Exceptional item			
	- Diminution in value of investment, reversed (see note 11)		2,225.00	22.45
VII	**Profit before tax (V+VI)**		**4,413.47**	**4,691.23**
VIII	**Tax expense:**			
	Current tax	29.a	461.84	1,197.83
	Deferred tax		498.61	94.34
	Less: MAT credit entitlement		(796.00)	-
			164.45	1,292.17
IX	**Profit for the year (VII-VIII)**		**4,249.02**	**3,399.06**
X	**Earnings per equity share (of ₹ 10/- each) :**	30		
	(a) Basic (in ₹)		2.64	2.11
	(b) Diluted (in ₹)		2.64	2.11
	Significant accounting policies	1		
	The accompanying Notes 1 to 39 are an integral part of the financial statements			

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**4,413.47**	**4,691.23**
Adjustments for :		
Depreciation and amortisation expense	784.58	899.34
Diminution in value of investment, reversed	(2,225.00)	(22.45)
Obsolete fixed assets written off	-	22.98
Loss on sale of fixed assets (net)	1.68	5.39
Income from Long term investments	(477.94)	(89.83)
Interest on Deposits, overdue receivables and others	(882.42)	(2,012.73)
Finance costs	375.49	43.16
	(2,423.61)	**(1,154.14)**
Operating profit before working capital changes	**1,989.86**	**3,537.09**
Changes in working capital:		
Inventories	(152.44)	(726.32)
Trade receivables	(1,128.82)	(1,244.08)
Short term loans and advances	(276.06)	(2,259.56)
Long term loans and advances	(280.36)	(105.99)
Other current assets	(30.91)	89.29
Trade payables	868.27	(1,238.45)
Other current liabilities	130.25	92.57
Long term provisions	(643.45)	91.46
Short term provisions	81.63	97.11
Earmarked bank account - unpaid dividend account	(20.68)	(19.68)
	(1,452.57)	**(5,223.65)**
Cash generated from/(used in) operations	537.29	(1,686.56)
Taxes paid	(298.97)	(994.82)
Net cash generated from/(used in) operating activities	**238.32**	**(2,681.38)**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets	(9,114.15)	(9,267.24)
Loans recovered	-	2,094.00
Sale proceeds of fixed assets	2.75	5.96
Interest received	882.42	2,012.73
Dividend received	477.94	96.59
Net Cash used in investment activities	**(7,751.04)**	**(5,057.96)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	3,450.00	7,500.00
Proceeds from short-term borrowings	3,187.75	545.88
Finance costs	(375.49)	(43.16)
Dividend paid	(944.04)	(945.04)
Dividend tax paid	(156.51)	(156.51)
Net Cash generated from financing activities	**5,161.71**	**6,901.17**
Net decrease in cash and cash equivalents	(2,351.01)	(838.17)
Opening balance of cash and cash equivalents	3,402.17	4,240.34
Closing balance of cash and cash equivalents	1,051.16	3,402.17
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Closing balance of cash and cash equivalents (As per Note 15)	1,176.44	3,506.76
Less :Balance in Earmarked accounts (Unpaid Dividend accounts)	125.28	104.59
Cash and Cash Equivalents considered for Cash Flow	**1,051.16**	**3,402.17**

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

Hrishikesh A. Mafatlal
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Directors

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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").

b. Use of estimates

The preparation of financial statements in conformity with 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 Statement of Profit and Loss.

f. Operating Lease

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss 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 Statement of Profit and Loss.

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 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 is 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 Statement of Profit and Loss 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 obligation recognized in the balance sheet represents the present value of obligation as reduced by the fair value of plan assets, where applicable.

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

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 Statement of Profit and Loss.

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 115O 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 unencumbered 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 2013 (Contd...)

NOTE 2 : SHARE CAPITAL

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	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 equity 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 preferences and restrictions 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 remaining assets of the company after distribution of all preferential amounts, 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	10,468,026		10,867,990	
% Holding	6.51		6.76	
(f) No. of shares reserved for issuance as employee stock options (Refer Note 31)	2,796,200		2,796,200	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Account		
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
Less: Transfer to Surplus in Statement of Profit and Loss	-	3,000.00
	-	-
(e) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	11,874.11	6,596.28
Add: Profit for the year	4,249.02	3,399.06
Add: Transfer 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	163.95	156.51
Closing balance	14,994.46	11,874.11
TOTAL	**20,325.38**	**17,205.03**
NOTE 4 LONG-TERM BORROWINGS		
Secured term loans from Banks (refer note 8 for current maturity)	9,316.67	7,500.00
TOTAL	**9,316.67**	**7,500.00**
Details of security		
a) First pari passu charge on all moveable and immoveable		
fixed assets of the company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the company,		
both present and future.		
Terms of Repayment and maturity with respect to the Balance Sheet date		
Repayable in 21 equal quarterly instalments commencing from FY 2013-14		
NOTE 5 LONG-TERM PROVISIONS		
For employee benefits (refer notes 8 and 9 for current/short term)	1,120.24	1,095.45
For Customs duty		
As per last balance sheet	727.55	727.55
Less: Provision no longer required	668.23	-
	59.32	727.55
	1,179.56	**1,823.00**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 6 SHORT-TERM BORROWINGS (SECURED)		
From Banks:		
Working Capital Loans	3,433.63	500.00
Packing credit loan	300.00	45.88
TOTAL	3,733.63	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 and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
Terms of Repayment		
Repayable on demand		
NOTE 7 TRADE PAYABLES (Also Refer Note 37)		
Trade payables:		
Acceptances	2,132.80	1,591.84
Other than Acceptances	5,012.94	4,685.62
TOTAL	7,145.74	6,277.46
NOTE 8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term loans from banks (refer note 4)	1,633.33	-
(b) Current liability for Long term Employee Benefits	243.07	98.45
(c) Interest accrued but not due on borrowings	90.01	65.16
(d) Unclaimed dividends	125.28	104.59
(e) Other payables		
(i) Statutory remittances	656.63	679.18
(ii) Trade/security deposits received	184.14	176.14
(iii) Creditors for capital projects	1,399.54	521.51
(iv) Advances from customers	23.74	46.18
(v) Others	-	2.22
TOTAL	**4,355.74**	**1,693.43**
NOTE 9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits	243.91	162.28
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	163.95	156.51
TOTAL	**1,372.58**	**1,283.51**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

NOTE 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block	
	As at 1 April, 2012	Additions	Deductions	As at 31 March, 2013	As at 1 April, 2012	For the year	Deductions	Adjustments	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Tangible Assets											
Leasehold Land	16.35	915.30	-	931.65	3.84	0.87	-	-	4.71	926.94	12.51
Buildings Own use	1,320.58	6,655.51	-	7,976.09	369.44	46.53	-	-	415.97	7,560.12	951.14
Given under operating lease	25.81	-	-	25.81	8.10	-	-	-	8.10	17.71	17.71
Plant & Equipment	13,528.78	15,496.92	-	29,025.70	7,879.41	611.87	-	-	8,491.28	20,534.42	5,649.37
Furniture & Fixtures	519.63	73.02	-	592.65	483.15	7.67	-	-	490.82	101.83	36.48
Vehicles	217.95	17.31	10.88	224.38	68.28	20.82	6.45	-	82.65	141.73	149.67
Office Equipment including computers	840.26	103.14	-	943.40	635.44	31.24	-	-	666.68	276.72	204.82
Tangibles TOTAL (A)	**16,469.36**	**23,261.20**	**10.88**	**39,719.68**	**9,447.66**	**719.00**	**6.45**	**-**	**10,160.21**	**29,559.47**	**7,021.70**
Intangible Assets											
Software	-	218.53	-	218.53	-	20.57	-	-	20.57	197.96	-
Patents	448.65	5.73	-	454.38	61.80	45.00	-	-	106.80	347.58	386.85
Intangibles Total (B)	**448.65**	**224.26**	**-**	**672.91**	**61.80**	**65.57**	**-**	**-**	**127.37**	**545.54**	**386.85**
TOTAL (A+B)	**16,918.01**	**23,485.46**	**10.88**	**40,392.59**	**9,509.46**	**784.57**	**6.45**	**-**	**10,287.58**	**30,105.01**	**7,408.55**
Previous Year	16,515.88	493.24	91.11	16,918.01	8,666.91	899.34	59.09	(2.30)	9,509.46	7,408.55	

Note : On 7th March 2013 the company commissioned its Rubber Chemical Plant at Dahej, Gujarat.

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 11 NON CURRENT INVESTMENTS (AT COST)		
LONG TERM		
a. Trade Investments		
Equity Instruments (Unquoted)		
Investment in 100% Subsidiary Company (See note 3)		
(i) 8,354,833 equity shares of ₹ 10 each, fully paid up in PIL Chemicals Pvt. Ltd.	2,504.45	2,504.45
b. Other Investments		
(i) Equity Instruments (Quoted)		
566,320 Equity shares of ₹ 10 each, fully paid in Mafatlal Industries Limited (previous year Re. 1) (see note 1 below)	890.00	-
566,340 Equity shares of ₹ 10 each, fully paid in Navin Fluorine International Limited (previous year ₹ 200) (see notes 1 and 2 below)	1,335.00	-
1,000 Equity shares of ₹ 10 each, fully paid in HDFC Bank Limited	0.10	0.10
(ii) Equity Instruments (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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates	0.01	0.01
(Certificate deposited with Government Department)		
TOTAL	**4,730.58**	**2,505.58**
(a) Aggregate amount of quoted investments		
Cost / Carrying value	2,225.10	0.10
Market value	1,774.35	2,651.40
(b) Aggregate amount of unquoted investments	2,505.48	2,505.48

NOTES:

1. The Company had in an earlier year provided for diminution in the value of its investments in Mafatlal Industries Limited (which then included Navine Fluorine International Limited -see note 2 below). At 31 March 2013 the Company has reversed the provision since there is a rise in values and the reasons for continuing with the provision for diminution no longer exist.
2. 566,320 Equity shares of Navin Fluorine International Limited were received under the rehabilitation scheme of Mafatlal Industries Limited sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30th October, 2002.
3. Consequent to the implementation of a merger scheme between the Company's subsidiairies effected in the previous year, a provision for diminution in the value of investments no longer required of ₹ 22.45 lakhs was reversed.

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

(₹ in Lakhs)

Particulars	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2013	As at 31 March, 2012
	Long term		Short term	
Capital advances	17.88	1,076.63	-	-
Security deposits	703.77	682.97	-	-
Considered doubtful, provided	(300.00)	(300.00)	-	-
	403.77	**382.97**	-	-
Other Loans and advances:				
Loans and advances to employees	6.69	6.05	8.77	11.39
Prepaid expenses	10.94	4.45	159.92	161.93
Advance income tax (net)	434.32	597.15	-	-
MAT credit entitlement	795.99	-	-	-
Income tax refund receivable	2,146.04	2,146.04	-	-
Indirect tax balances/recoverables/credits	1,370.61	1,118.17	1,533.22	1,249.89
Advance to suppliers and others	-	-	238.52	111.19
Considered doubtful, provided	-	-	(1.49)	(1.49)
	-	-	237.03	109.70
Dividend receivable from subsidiary company	-	-	-	6.76
Export incentives receivable	-	-	43.94	167.16
TOTAL	**5,186.24**	**5,331.46**	**1,982.88**	**1,706.83**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 13 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials	2,690.03	2,593.52
Work-in-progress	851.89	712.58
Finished goods (other than trading)	5,310.75	6,240.13
Stock-in-trade	20.85	23.78
Production consumables and stores & spares	649.47	531.18
	9,522.99	10,101.19
Details of stock-in-transit		
Raw Materials	1,787.60	720.22
Finished Goods	233.36	570.10
	2,020.96	1,290.32
TOTAL	**11,543.95**	**11,391.51**
NOTE 14 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered good	41.17	4.44
Other Trade receivables		
Unsecured, considered good	11,045.44	9,953.35
TOTAL	**11,086.61**	**9,957.79**
NOTE 15 CASH AND CASH EQUIVALENTS		
Balances with Banks		
In Current accounts / EEFC accounts	744.33	994.77
In Deposit Accounts	300.00	2,400.00
In earmarked accounts - Unpaid dividend accounts	125.28	104.59
Cash on hand	6.83	7.40
TOTAL	**1,176.44**	**3,506.76**
Note : Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	1,051.16	3,402.17
NOTE 16 OTHER CURRENT ASSETS (CONSIDERED GOOD)		
Interest accrued on deposits	12.31	10.07
Insurance claims	28.67	-
TOTAL	**40.98**	**10.07**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 17 REVENUE FROM OPERATIONS		
(i) Sale of products:		
Manufactured goods		
Rubber Chemicals	51,627.28	50,470.72
Others	686.86	340.12
	52,314.14	**50,810.84**
Traded goods		
Rubber Chemicals	371.49	315.75
TOTAL	**52,685.63**	**51,126.59**
(ii) Other operating revenues:		
Sale of scrap	73.29	92.47
Duty drawback and other export incentives	131.83	288.33
Miscellaneous	69.81	89.57
TOTAL	**274.93**	**470.37**
NOTE 18 OTHER INCOME		
(a) Interest income (see note below)	882.43	2,012.73
(b) Dividend income:		
from long-term investments		
- subsidiaries	58.48	6.76
- others	419.46	96.59
(c) Net gain on foreign currency transactions	-	181.47
(d) Other non-operating income (rental income)	27.00	27.00
TOTAL	**1,387.37**	**2,324.55**
Note :		
Interest income comprises:		
Interest from banks on deposits	93.00	152.91
Interest on loans and advances	12.06	11.28
Interest on overdue trade receivables	124.83	28.70
Interest on income tax refund	652.54	1,819.84
TOTAL	**882.43**	**2,012.73**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 19.a COST OF MATERIALS CONSUMED		
Opening stock	3,313.74	3,592.01
Add: Purchases	31,501.59	29,651.56
	34,815.33	33,243.57
Less: Closing stock	4,477.63	3,313.74
TOTAL	**30,337.70**	**29,929.83**
Materials consumed comprise:		
Chlorinated aromatics & amines	12,764.03	12,130.34
Solvents	6,046.24	6,480.36
Chemicals	9,983.16	10,299.02
Others	1,544.27	1,020.11
	30,337.70	**29,929.83**
NOTE 19.b PURCHASES OF STOCK IN TRADE		
Rubber Chemicals	279.96	264.89
TOTAL	**279.96**	**264.89**
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	5,544.11	6,810.23
Work-in-progress	851.89	712.58
Stock-in-trade	20.85	23.78
	6,416.85	7,546.59
Inventories at the beginning 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
(Decrease)/Increase in excise duty on closing stock of finished products	(177.88)	264.96
Net increase/(decrease)	**951.86**	**(708.68)**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 20 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,798.51	2,770.17
Contributions to provident and other funds (see note 32)	410.71	321.50
Staff welfare expenses	355.00	363.12
TOTAL	**3,564.22**	**3,454.79**
NOTE 21 FINANCE COSTS		
Interest expense:		
(i) Borrowings from banks	336.06	14.02
(ii) Others		
- Interest on delayed payment of income tax	24.84	14.87
- Interest on security deposits	14.59	14.27
TOTAL	**375.49**	**43.16**
NOTE 22 OTHER EXPENSES		
Power, fuel and Other Utilities	4,727.48	4,738.29
Processing Charges	1,979.97	2,056.73
Selling Expenses	1,684.57	1,550.65
Consumption of packing materials	790.81	805.89
Consumption of stores and spare parts	416.08	427.63
Rent including lease rentals	192.39	142.15
Repairs and maintenance - Machinery	337.07	489.19
Repairs and maintenance - Buildings	66.64	86.67
Insurance	69.45	58.22
Rates and taxes	28.86	37.76
Payments to auditors (Refer Note below)	22.85	18.23
Loss on fixed assets sold / scrapped / written off	1.68	28.37
Net loss on foreign currency transactions	11.06	-
Miscellaneous expenses	1,393.98	1,481.76
TOTAL	**11,722.89**	**11,921.54**
Note:		
Payments to the auditors comprise (net of service tax input credit):		
As auditors - statutory audit	19.00	15.00
- tax audit	2.50	2.00
- certification work	1.00	1.00
For reimbursement of expenses	0.35	0.23
TOTAL	**22.85**	**18.23**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

23 Contingent liability in respect of:

(₹ in Lakhs)

		2012 – 13	2011 – 12
(a)	Claims against the Company not acknowledged as debts - Legal cases against the company	140.58	202.88
(b)	Central excise duty and Customs duty demands disputed	139.00	153.42
(c)	Income tax demands disputed	865.83	2,816.88
(d)	Sales tax demands disputed	364.36	794.87

24.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	142.70	3,232.33

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 etc.). These lease arrangements are ranging between 11 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 ₹192.39 Lakhs (previous year ₹142.15 Lakhs) and ₹27.00 Lakhs (previous year ₹27.00 Lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows: (₹ in Lakhs)

Particulars	2012-13	2011-12
Payable not later than one year	170.51	6.39
Payable later than one year but not later than five years	251.22	12.23
Payable later than five years	-	-

27. The amount of borrowing costs capitalized during the year is ₹ 1,013.69 Lakhs (previous year ₹467.14 Lakhs)

28. Related Parties

(A) Name of related parties and description of relationship

(i) Subsidiary Company:
PIL Chemicals Private Limited (PIL)

(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 and amounts outstanding with related parties

(₹ in Lakhs)

Nature of Transactions	2012 – 13	2011 – 12
Loan recovered:		
- Mafatlal Industries Limited	-	2,094.00
Purchase of Materials / Services:		
- Navin Fluorine International Limited	7.02	3.42
- PIL Chemicals Private Limited	861.44	986.54
Reimbursement of Expenses :		
- Mafatlal Industries Limited	15.10	12.91
Remuneration Paid:		
Key Management Personnel		
Mr. C.R.Gupte	134.35	179.79
Rent Paid to:		
Mafatlal Industries Limited	21.60	43.20
Navin Fluorine International Limited	96.30	28.80
Amount outstanding at the year end		
Office / Flat Deposit given:		
Mafatlal Industries Limited	22.28	22.28
Trade Creditors Payable:		
PIL Chemicals Private Limited	618.38	202.52
Mafatlal Industries Limited	0.54	13.23

Related parties have been identified by the management and relied upon by the Auditors

29. Tax

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

	2012 – 13	2011-12
Current tax expense	796.00	1,524.02
Excess provision for tax relating to prior years	(334.16)	(326.19)
Net current tax expense	461.84	1,197.83

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

	2012 – 13	2011 – 12
Depreciation	2,590.46	1,563.20
Unabsorbed depreciation carried forward	(785.24)	-
Provision for doubtful debts and advances	(102.48)	(97.82)
Provision for compensated absences, gratuity and other employee benefits	(448.17)	(410.41)
Sales Tax set off	1,434.20	1,135.19
Net deferred tax liability	2,688.77	2,190.16

30. Earnings per share (EPS):

	2012 – 13	2011 – 12
Profit attributable to Equity shareholders (₹ in Lakhs)	4,249.02	3,399.06
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	2.64	2.11
Earnings per share (₹) – Diluted	2.64	2.11
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 2012	973,000	973,000	425,100	425,100
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-

	2011-12	2010-11	2009-10	2007-08
Exercised during the year	-	-	-	-
Outstanding as at 31 March 2013	973000	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:

	2012 - 13	2011 – 12
Estimated fair values (arrived at by applying Black Scholes Option Pricing Model) ₹	-	9.02
Exercise Price ₹	-	16.65
Expected Volatility	-	57.58%
Risk free rate of return	-	7.83%
The weighted average contractual life of the options outstanding	-	10 years

Had fair value method been used, the compensation cost would have been higher by ₹46.09 Lakhs (previous year ₹90.78 Lakhs), profit after tax would have been lower by ₹44.37 (previous year ₹61.33 Lakhs) and EPS – both Basic and Diluted – would have been ₹2.62 (lower by ₹ 0.02) (previous year ₹2.07 per share (lower by ₹ 0.04)).

32. Employment and Retirement Benefits

(₹ In Lakhs)

				2012 – 13	2011 – 12
1	**Post-Employment benefits**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	138.32	134.92
		ii)	Company's contribution to Superannuation Fund	36.65	37.29
	b)	Defined benefit scheme			
		Gratuity Funded:			
	a)	Liability recognized in Balance Sheet			
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	1,080.93	1,032.20
			Service Cost	51.73	53.40
			Interest Cost	91.88	85.16
			Actuarial Loss on Obligations	26.54	3.73
			Benefits paid	(87.95)	(93.56)
			As at 31 March	1,163.13	1,080.93
			Less: Fair Value of Plan Assets		
			As at 1 April	1,012.68	929.47
			Expected Return on Plan assets less loss on investment	87.09	74.36
			Contribution	68.25	102.73
			Benefits paid	(87.95)	(93.56)
			Actuarial Loss on Plan Assets	(14.62)	(0.32)
			As at 31 March	1,065.45	1,012.68
			Net	97.68	68.25
		Gratuity Unfunded:			
			Present Value of Obligations		
			As at 1 April	561.19	515.14
			Service Cost	26.86	26.65
			Interest Cost	47.70	42.50
			Actuarial Loss on Obligations	71.13	11.88
			Benefits paid	(57.46)	(34.98)
			As at 31 March	649.42	561.19
			Net Liability	747.10	629.44
	b)	Expense during the year			
			Service Cost	78.59	80.05
			Interest Cost	139.58	127.66
			Expected Return on Plan assets	(87.09)	(74.36)
			Actuarial Loss on Obligations	112.29	15.93
			TOTAL	243.37	149.28
	c)	Principal actuarial assumptions			
			Rate of Discounting	8.00%	8.50%
			Rate of Return on Plan Assets	8.70%	8.60%
			Rate of increase in salaries	4.11%	4.99%
			Rate of Attrition	2%	2%
2	**Breakup of Plan Assets:**				
	i)	Government Bonds		502.25	477.84
	ii)	Corporate Bonds		403.20	421.70
	iii)	Special Deposit Scheme		8.71	8.71
	iv)	Others		151.29	104.43
		TOTAL		1,065.45	1,012.68

The company expects to contribute ₹85.82 lakhs (previous year ₹98.45 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 Indian Assured Lives Mortality (2006-08) 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	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	1,812.55	1,642.12	1,547.34	1,419.28	1,220.24
Plan asset	1,065.45	1,012.68	929.47	789.15	643.03
Deficit	747.10	629.44	617.87	630.13	577.21
Experience adjustment on liabilities – loss	38.18	55.95	73.52	235.08	150.55
Experience adjustment on plan assets – loss	14.62	0.32	75.94	6.74	0.21

33. Value of Imports on CIF basis :

(₹ in Lakhs)

	2012 - 13	2011 - 12
(i) Raw Materials	12,302.91	12,847.59
(ii) Stores and spares	13.34	14.70
(iii) Capital goods	1,290.25	77.94
TOTAL	13,606.50	12,940.23

34. Expenditure in Foreign Currency on account of:

(₹ in Lakhs)

	2012 - 13	2011 - 12
(i) Professional and technical fees	**2.69**	2.76
(ii) Commission on sales	**115.32**	85.90
(iii) Others	**33.85**	37.25
TOTAL	**151.86**	125.91

35. Value of Raw materials and stores and spares consumed:

(₹ in Lakhs)

	2012 - 13				2011 - 12			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption
(a) Raw materials	**10,953.76**	**36.1**	**19,383.94**	**63.9**	14,597.92	48.8	15,331.91	51.2
(b) Stores and spares	**8.25**	**2.0**	**407.83**	**98.0**	13.34	3.1	414.29	96.9

36. Earning in foreign exchange:

(₹ in Lakhs)

	2012-13	2011-12
F.O.B. value of goods exported	**18,960.45**	19,065.63

37. 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, 2013 are as follows:

(₹ in Lakhs)

Description	2012 - 13	2011 - 12
Principal amount outstanding as at 31 March	**29.21**	18.17
Interest due on (1) above and unpaid as at 31 March	**0.38**	**0.20**
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	**0.38**	0.20
Amount of further interest remaining due and payable in succeeding year	**0.38**	0.20

38. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding forward exchange contracts as at 31 March 2013 and 31 March 2012.

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

(Figures in Lakhs)

	31 March 2013		31 March 2012	
	₹	foreign currency	₹	foreign currency
Unhedged				
Creditors for Goods	**2,182.62**	**USD 36.80**	1,862.61	USD 32.19
		EURO 2.64		EURO 3.18
Debtors	**3,813.68**	**USD 62.20**	2,534.59	USD 43.87
		EURO 6.35		EURO 4.30
Creditors for expenses	**66.78**	**USD 1.21**	49.88	USD 0.87
		EURO 0.01		EURO 0.08

39. 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**	**Hrishikesh A. Mafatlal**	**C. R. Gupte**	**C. L. Jain**	
Chartered Accountants	Chairman	Managing Director	**N. Sankar**	
Firm Registration No.117366W			**V. R. Gupte**	Directors
P. B. Pardiwalla		**V. K. Gupte**	**D.N.Mungale**	
Partner		Secretary	**Vishad P. Mafatlal**	
Membership No. 40005			**P. V. Bhide**	
Place : Mumbai				
Date : 30 May 2013				

Section 212

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013.

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	1,822.81
4	Deferred Tax Liability	118.12
5	Debit balance of Profit & Loss Account	-
6	Total Assets (Fixed Assets + Investments + Current Assets)	2,868.47
7	Total Liabilities (Debts + Current Liabilites)	92.05
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)	0.00
	22,320 equity shares of Mafatlal Services Limited of ₹100 each fully paid (Re 1)	0.00
	10,560 Mastershares of Unit Trust of India of ₹10 each fully paid	0.86
	50,000 units of J.M.Mutual Fund (Equity Dividend plan) of ₹10 each fully paid	5.00
	TOTAL	**16.71**
8	Income	872.99
9	Profit before Tax	26.81
10	Provision for Tax	3.87
11	Profit after Tax	22.94
12	Proposed Dividend (including Dividend Distribution Tax)	-

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

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

Place : Mumbai
Date : 30 May 2013

CONSOLIDATED AUDITORS' REPORT

The Board Of Directors

NOCIL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NOCIL LIMITED** (**"**the company") and its subsidiary company (the Company and its subsidiary company constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary company referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

(b) 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

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

Other Matter

We did not audit the financial statements of the subsidiary company, whose financial statements reflect total assets (net) of ₹ 2,250.09 lakhs as at 31 March 2013, total revenues of ₹ Nil and net cash flows amounting to ₹(440.18 lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and in our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)

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

Place : Mumbai
Date : 30 May 2013

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

(₹ in Lakhs)

	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	16,078.70	16,078.70
(b) Reserves and surplus	3	20,420.47	17,335.70
(2) Non-current liabilities			
(a) Long-term borrowings	4	9,316.67	7,500.00
(b) Deferred tax liabilities (net)	29.b	2,806.90	2,304.65
(c) Long term provisions	5	1,192.77	1,834.80
(3) Current liabilities			
(a) Short-term borrowings	6	3,733.63	545.88
(b) Trade payables	7	6,547.83	6,097.31
(c) Other current liabilities	8	4,413.07	1,773.76
(d) Short-term provisions	9	1,373.63	1,295.03
TOTAL		**65,883.67**	**54,765.83**
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	31,503.01	8,955.82
(ii) Intangible assets	10	545.94	387.28
(iii) Capital work-in-progress		365.45	12,725.42
(iv) Intangible Assets under development		-	123.30
(b) Non-current investments	11	2,242.84	17.84
(c) Long term loans and advances	12	5,315.08	5,443.54
(2) Current assets			
(a) Inventories	13	11,571.12	11,433.02
(b) Trade receivables	14	11,086.61	9,957.79
(c) Cash and cash equivalents	15	1,217.07	3,987.57
(d) Short-term loans and advances	12	1,995.57	1,715.28
(e) Other current assets	16	40.98	18.97
TOTAL		**65,883.67**	**54,765.83**
Significant accounting policies	1.B		
The accompanying Notes 1 to 34 are an integral part of the financial statements			

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
I	Sale of products	**17(i)**	52,685.63	51,126.59
	Less: Excise Duty		4,142.77	3,447.86
			48,542.86	47,678.73
	Other operating revenues	**17(ii)**	274.93	470.37
	Revenue from operations		48,817.79	48,149.10
II	Other Income	**18**	1,340.44	2,345.64
III	**Total Revenue**		**50,158.23**	**50,494.74**
IV	Expenses			
	(a) Cost of materials consumed	**19.a**	30,337.71	29,929.83
	(b) Purchases of stock-in-trade	**19.b**	279.96	264.89
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	**19.c**	951.86	(708.68)
	(d) Employee benefits expense	**20**	3,718.86	3,601.05
	(e) Finance costs	**21**	375.49	43.16
	(f) Depreciation and amortisation expense	**10**	901.09	1,009.68
	(g) Other expenses	**22**	11,436.50	11,569.65
	Total expenses		**48,001.47**	**45,709.58**
V	**Profit before exceptional items and tax (III-IV)**		2,156.76	4,785.16
VI	Exceptional item			
	- Diminution in value of investment, reversed (see note 11)		2,225.00	-
VII	**Profit before tax (V+VI)**		4,381.76	4,785.16
VIII	**Tax expense:**			
	Current tax	**29.a**	467.04	1,197.83
	Deferred tax		502.24	132.43
	Less: MAT credit entitlement		(800.96)	-
			168.32	1,330.26
IX	**Profit for the year (VII-VIII)**		**4,213.44**	**3,454.90**
X	**Earnings per equity share (of ₹ 10/- each) :**	**30**		
	(a) Basic (in ₹)		2.62	2.15
	(b) Diluted (in ₹)		2.62	2.15
	Significant accounting policies	**1.B**		
	The accompanying Notes 1 to 34 are an integral part of the financial statements			

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**4,381.76**	**4,785.16**
Adjustments for :		
Depreciation and amortisation expense	901.10	1,009.68
Diminution in value of investment, reversed	(2,225.00)	-
Obsolete fixed assets written off	-	22.98
Loss on sale of fixed assets (net)	1.68	5.39
Income from Long Term Investments	(421.82)	(99.62)
Interest on Deposits, overdue receivables and others	(890.13)	(2,031.29)
Finance costs	375.49	43.16
	(2,258.68)	**(1,049.70)**
Operating profit before working capital changes	**2,123.08**	**3,735.46**
Changes in working capital:		
Inventories	(138.10)	(730.97)
Trade receivables	(1,128.82)	(1,244.08)
Short term loans and advances	(280.29)	(2,321.40)
Long-term loans and advances	(289.85)	(127.26)
Other current assets	(22.01)	83.74
Trade payables	450.52	(1,270.62)
Other current liabilities	130.11	117.86
Long -term provisions	(642.03)	94.64
Short term provisions	81.73	98.89
Earmarked bank account - unpaid dividend account	(20.68)	(19.68)
	(1,859.42)	**(5,318.88)**
Cash generated from/(used in) operations	**263.66**	**(1,583.42)**
Taxes paid	(309.94)	(979.60)
Net cash generated from/(used in) operating activities	**(46.28)**	**(2,563.02)**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets	(9,210.74)	(9,332.33)
Loans recovered	-	2,185.41
Sale proceeds of fixed assets	2.75	5.95
Sale proceeds from sale of investments	-	3.00
Interest received	890.13	2,031.29
Dividend received	421.82	99.62
Net Cash used in investment activities	**(7,896.04)**	**(5,007.06)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	3,450.00	7,500.00
Proceeds from short-term borrowings	3,187.75	545.86
Finance costs	(375.49)	(43.16)
Dividend paid	(944.04)	(945.04)
Dividend tax paid	(167.09)	(166.26)
Net Cash generated from financing activities	**5,151.13**	**6,891.42**
Net decrease in cash and cash equivalents	(2,791.19)	(678.66)
Opening balance of cash and cash equivalents	3,882.98	4,561.64
Closing balance of cash and cash equivalents	1,091.79	3,882.98
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Closing balance of cash and cash equivalents (As per Note 15)	**1,217.07**	**3,987.57**
Less :Balance in Earmarked accounts (Unpaid Dividend accounts)	125.28	104.59
Cash and Cash Equivalents considered for Cash Flow	**1,091.79**	**3,882.98**

The accompanying Notes 1 to 34 are an integral part of the financial statements

As per attached report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1.A Company Background

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

The following component is 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

1.B Significant Accounting Policies

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").

B. Principles of Consolidation

The subsidiary company is 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.

For the purpose of consolidation, the financial statements of the Subsidiary company are drawn up to 31 March 2013.

C. Uniform Accounting Policies

The Consolidated Financial Statements of the Company and its subsidiary company have been 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 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 asset are put to use.

Intangible Assets:

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

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 Statement of profit and loss.

H. Operating Lease

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of profit and loss 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 Statement of profit and loss.

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 Statement of profit and loss in the period in which the service is rendered.

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

Actuarial Gains and losses are recognised immediately in the Statement of profit and loss.

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 Statement of profit and loss.

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 unencumbered 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 2013 (Contd...)

NOTE 2 : SHARE CAPITAL

Particulars	As at 31 March 2013 Number of shares	As at 31 March 2013 ₹ in Lakhs	As at 31 March 2012 Number of shares	As at 31 March 2012 ₹ 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 equity shares outstanding at the beginning and end of the year :				
Outstanding at the beginning and end of the year	160,786,980		160,786,980	
(d) Rights, preferences and restrictions 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 remaining assets of the company after distribution of all preferential amounts, 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	10,468,026		10,867,990	
% Holding	6.51		6.76	
(f) No. of shares reserved for issuance as employee stock options (Refer Note 31)	2,796,200		2,796,200	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Account		
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
Less: Transfer to Surplus in Statement of Profit and Loss	-	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	11,946.06	6,622.97
Add: Profit for the year	4,213.44	3,454.90
Add: Transfer 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	163.95	167.09
Closing balance	15,030.83	11,946.06
TOTAL	**20,420.47**	**17,335.70**
NOTE 4 LONG-TERM BORROWINGS		
Secured term loans from Banks (refer note 8 for current maturity)	9,316.67	7,500.00
TOTAL	**9,316.67**	**7,500.00**
Details of security		
a) First pari passu charge on all moveable and immoveable fixed assets of the company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the company, both present and future.		
Terms of Repayment and maturity with respect to the Balance Sheet date		
Repayable in 21 equal quarterly instalments commencing from FY 2013-14		
Note 5 Long-term provisions		
For employee benefits (refer notes 8 and 9 for current/short term)	1,133.45	1,107.25
For Customs duty		
As per last balance sheet	727.55	727.55
Less: Provision no longer required	668.23	-
	59.32	727.55
TOTAL	**1,192.77**	**1,834.80**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 6 SHORT-TERM BORROWINGS (SECURED)		
From Banks		
Working Capital Loans	3,433.63	500.00
Packing credit loan	300.00	45.88
TOTAL	**3,733.63**	**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 and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
Terms of Repayment		
Repayable on demand		
NOTE 7 TRADE PAYABLES		
Trade payables:		
Acceptances	2,132.80	1,591.84
Other than Acceptances	4,415.03	4,505.47
TOTAL	**6,547.83**	**6,097.31**
NOTE 8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term loans from banks (refer note 4)	1,633.33	-
(b) Current liability for Long term Employee Benefits	243.07	98.45
(c) Interest accrued but not due on borrowings	90.01	65.16
(d) Unclaimed dividends	125.28	104.59
(e) Other payables		
(i) Statutory remittances	658.65	680.54
(ii) Trade/security deposits received	184.14	176.14
(iii) Creditors for Capital Projects	1,406.84	551.66
(iv) Advances from customers	23.74	46.18
(v) Others	48.01	51.04
TOTAL	**4,413.07**	**1,773.76**
NOTE 9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:	244.96	163.22
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	163.95	167.09
TOTAL	**1,373.63**	**1,295.03**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

NOTE 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block	
	As at 1 April, 2012	Additions	Deductions	As at 31 March, 2013	As at 1 April, 2012	For the year	Deductions	Adjustments	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Tangibles											
Leasehold Land	341.35	915.30	-	1,256.65	28.25	5.37	-	-	33.62	1,223.03	313.10
Buildings Own use	1,656.23	6,659.44	-	8,315.67	418.00	56.39	-	-	474.39	7,841.28	1,238.23
Given under operating lease	25.81	-	-	25.81	8.10	-	-	-	8.10	17.71	17.71
Plant and Equipment	15,359.13	15,617.70	-	30,976.83	8,365.66	713.78	-	-	9,079.44	21,897.39	6,993.47
Furniture and Fixtures	520.96	74.07	-	595.03	483.42	7.81	-	-	491.23	103.80	37.54
Vehicles	217.96	17.31	10.88	224.39	68.29	20.82	6.45	-	82.66	141.73	149.67
Office Equipment including computers	841.58	103.29	-	944.87	635.48	31.32	-	-	666.80	278.07	206.10
Tangibles Total (A)	**18,963.02**	**23,387.11**	**10.88**	**42,339.25**	**10,007.20**	**835.49**	**6.45**	**-**	**10,836.24**	**31,503.01**	**8,955.82**
Intangibles											
Software	0.58	218.53	-	219.11	0.15	20.60	-	-	20.75	198.36	0.43
Patents	448.65	5.73	-	454.38	61.80	45.00	-	-	106.80	347.58	386.85
Intangibles Total (B)	**449.23**	**224.26**	**-**	**673.49**	**61.95**	**65.60**	**-**	**-**	**127.55**	**545.94**	**387.28**
TOTAL (A+B)	**19,412.25**	**23,611.37**	**10.88**	**43,012.74**	**10,069.15**	**901.09**	**6.45**	**-**	**10,963.79**	**32,048.95**	**9,343.10**
Previous Year	18,976.04	527.31	91.10	19,412.25	9,116.25	1,009.68	59.08	(2.30)	10,069.15	9,343.10	

Note: On 7th March 2013 the company commissioned its Rubber Chemical Plant at Dahej, Gujarat.

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 11 NON CURRENT INVESTMENTS		
LONG TERM		
a. Other investments		
(i) Equity Instruments (Quoted)		
566,320 Equity shares of ₹ 10 each, fully paid in Mafatlal Industries Limited (previous year Re. 1) (see note 2)	890.00	-
566,340 Equity shares of ₹ 10 each, fully paid in Navin Fluorine International Limited (previous year ₹ 200) (see notes 1 and 2 below)	1,335.00	-
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
(ii) Equity Instruments (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
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 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates	0.01	0.01
(Certificate deposited with Government Department)		
(iv) Investment in Mutual Funds		
50,000 Units of ₹10 each of JM Mutual Fund (March 31, 2012: 50,000 Units)	5.00	5.00
10560 Units of ₹10 each of UTI Master Shares (March 31, 2012: 10,560 Units)	0.86	0.86
TOTAL	**2,242.84**	**17.84**
(a) Aggregate amount of quoted investments		
Cost / Carrying value	2,241.81	16.81
Market value	1,853.30	2,743.12
(b) Aggregate amount of unquoted investments	1.03	1.03

NOTES:

1. The Company had in an earlier year provided for diminution in the value of its investments in Mafatlal Industries Limited (which then included Navine Fluorine International Limited -see note 2 below). At 31 March 2013 the company has reversed the provision since there is a rise in values and the reasons for continuing with the provision for diminution no longer exist.
2. 566,320 Equity shares of Navin Fluorine International Limited were received under the rehabilitation scheme of Mafatlal Industries Limited sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30th October, 2002.

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

(₹ in Lakhs)

Particulars	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2013	As at 31 March, 2012
	Non -Current		Current	
Capital advances	17.88	1,080.08	-	-
Security deposits	737.50	707.21	-	-
Considered doubtful, provided	(300.00)	(300.00)	-	-
	437.50	**407.21**	**-**	**-**
Other Loans and advances:				
Loans and advances to employees	6.69	6.05	19.94	24.56
Prepaid expenses	10.94	4.45	161.11	162.93
Advance income tax (net)	450.38	607.46	-	-
MAT credit entitlement	873.77	72.81	-	-
Income tax refund receivable	2,146.04	2,146.04	-	-
Indirect tax balances/recoverables/credits	1,371.88	1,119.44	1,533.22	1,249.89
Advance to suppliers and others	-	-	238.84	112.23
Considered doubtful, provided	-	-	(1.49)	(1.49)
	-	-	237.35	110.74
Export incentives receivable	-	-	43.94	167.16
TOTAL	**5,315.08**	**5,443.54**	**1,995.57**	**1,715.28**

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

Raw materials	2,690.03	2,593.52
Work-in-progress	851.89	712.58
Finished goods (other than trading)	5,310.75	6,240.13
Stock-in-trade	20.85	23.78
Production Consumables and Stores & Spares	676.64	572.69
	9,550.16	10,142.70
Details of stock-in-transit		
Raw Materials	1,787.60	720.22
Finished Goods	233.36	570.10
	2,020.96	1,290.32
TOTAL	**11,571.12**	**11,433.02**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 14 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered good	41.17	4.44
Other Trade receivables Unsecured, considered good	11,045.44	9,953.35
TOTAL	**11,086.61**	**9,957.79**
NOTE 15 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances		
Balances with Banks		
In Current accounts / EEFC accounts	784.89	1,275.47
In Deposit Accounts	300.00	2,600.00
In earmarked accounts		
- Unpaid dividend accounts	125.28	104.59
Cash on hand	6.90	7.51
TOTAL	**1,217.07**	**3,987.57**
Note : Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	1,091.79	3,882.98
NOTE 16 OTHER CURRENT ASSETS (CONSIDERED GOOD)		
Interest accrued on deposits	12.31	17.58
Insurance claims	28.67	-
Income accrued on investments	-	1.39
TOTAL	**40.98**	**18.97**

Particulars	For the Year ended 31 March 2013	For the Year ended 31 March 2012
NOTE 17 REVENUE FROM OPERATIONS		
(i) Sale of products:		
Manufactured goods		
Rubber Chemicals	51,627.28	50,470.72
Others	686.86	340.12
	52,314.14	50,810.84
Traded goods		
Rubber Chemicals	371.49	315.75
TOTAL	**52,685.63**	**51,126.59**
(ii) Other operating revenues:		
Sale of scrap	73.29	92.47
Duty drawback and other export incentives	131.83	288.33
Miscellaneous	69.81	89.57
TOTAL	**274.93**	**470.37**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2013	For the Year ended 31 March 2012
NOTE 18 OTHER INCOME		
(a) Interest income (see note (i) below)	890.13	2,031.29
(b) Dividend income:		
from long-term investments		
- others	421.82	99.62
(c) Net gain on foreign currency transactions	-	181.47
(d) Other non-operating income (see note (ii) below)	28.49	33.26
TOTAL	**1,340.44**	**2,345.64**
(i) Interest income comprises:		
Interest from banks on deposits	99.40	168.77
Interest on loans and advances	12.77	11.82
Interest on overdue trade receivables	124.83	28.70
Interest on income tax refund	653.13	1,821.64
Interest on Debentures/Bonds	-	0.36
TOTAL	**890.13**	**2,031.29**
(ii) Other non-operating income comprises:		
Rental income	27.00	27.00
Net gain on sale of investments	-	5.00
Miscellaneous income	1.49	1.26
TOTAL	**28.49**	**33.26**
NOTE 19.a COST OF MATERIALS CONSUMED		
Opening stock	3,313.74	3,592.01
Add: Purchases	31,501.60	29,651.56
	34,815.34	33,243.57
Less: Closing stock	4,477.63	3,313.74
TOTAL	**30,337.71**	**29,929.83**
Materials consumed comprise:		
Chlorinated aromatics & amines	12,764.03	12,130.34
Solvents	6,046.24	6,480.36
Chemicals	9,983.16	10,299.02
Others	1,544.28	1,020.11
	30,337.71	**29,929.83**
NOTE 19.b PURCHASE OF TRADED GOODS		
Rubber Chemicals	279.96	264.89
TOTAL	**279.96**	**264.89**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2013	For the Year ended 31 March 2012
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	5,544.11	6,810.23
Work-in-progress	851.89	712.58
Stock-in-trade	20.85	23.78
	6,416.85	7,546.59
Inventories at the beginning 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
(Decrease)/Increase in excise duty on closing stock of finished products	(177.88)	264.96
Net increase/(decrease)	**951.86**	**(708.68)**
NOTE 20 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,933.56	2,898.41
Contributions to provident and other funds (Refer Note 32)	423.62	334.89
Staff welfare expenses	361.68	367.75
TOTAL	**3,718.86**	**3,601.05**
NOTE 21 FINANCE COSTS		
Interest expense on:		
(i) Borrowings from banks	336.06	14.02
(ii) Others	-	-
- Interest on delayed payment of income tax	24.84	14.87
- Interest on security deposits	14.59	14.27
TOTAL	**375.49**	**43.16**
NOTE 22 OTHER EXPENSES		
Power, fuel and Other Utilities	5,116.64	5,197.17
Processing Charges	1,118.54	1,070.19
Selling Expenses	1,684.57	1,550.65
Consumption of packing materials	790.81	805.89
Consumption of stores and spare parts	453.23	458.27
Rent including lease rentals	192.39	142.15
Repairs and maintenance - Machinery	369.37	522.95
Repairs and maintenance - Buildings	71.05	89.35
Insurance	71.64	59.87
Rates and taxes	35.44	51.96
Payments to auditors (Refer Note below)	26.23	20.96
Loss on fixed assets sold / scrapped / written off	1.68	28.37
Net loss on foreign currency transactions	11.06	-
Miscellaneous expenses	1,493.84	1,571.87
TOTAL	**11,436.49**	**11,569.65**
Note:		
Payments to the auditors comprise (net of service tax input credit):		
As auditors - statutory audit	20.97	16.97
- tax audit	3.06	2.56
- certification work	1.00	1.00
For reimbursement of expenses	1.20	0.43
TOTAL	**26.23**	**20.96**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

23 Contingent liability in respect of:

(₹ in Lakhs)

		2012 - 13	2011 - 12
(a)	Claims against the Company not acknowledged as debts - Legal cases against the company	140.58	202.88
(b)	Central excise duty and Customs duty demands disputed	139.00	153.42
(c)	Income tax demands disputed	865.83	2,816.88
(d)	Sales tax demands disputed	364.36	794.87

24.	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	142.80	3,232.33

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, etc.). These lease arrangements are ranging between 11 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 ₹192.39 lakhs (previous year ₹142.15 lakhs) and ₹27.00 lakhs (previous year ₹27.00 lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows: (₹ in Lakhs)

Particulars	2012 - 13	2011 - 12
Payable not later than one year	170.51	6.39
Payable later than one year but not later than five years	251.22	12.23
Payable later than five years	-	-

27. The amount of borrowing costs capitalized during the year is ₹ 1,013.69 Lakhs (previous year ₹467.14 Lakhs)

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	2012 - 13	2011 - 12
Loan repaid by		
- Mafatlal Industries Limited	-	2185.41
Purchase of Materials / Services:		
- Navin Fluorine International Limited	7.02	3.24
Reimbursement of Expenses:		
- Mafatlal Industries Limited	15.10	12.91
Remuneration Paid to:		
Key Management Personnel		
- Mr. C.R.Gupte	134.35	179.79
Rent Paid to:		
- Mafatlal Industries Limited	21.60	43.20
- Navin Fluorine International Limited	96.30	28.80
Trade Creditors Payable		
- Mafatlal Industries Limited	0.54	13.23
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.

29. Tax

(a) Current Tax Comprises of:

(₹ in Lakhs)

	2012-13	2011-12
Current Tax expense	801.20	1,524.02
Excess provision for tax relating to prior years	(334.16)	(326.19)
Net current tax expense	467.04	1,197.83

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

(₹ in Lakhs)

	2012 – 13	2011 – 12
Depreciation	2,819.94	1,783.04
Unabsorbed depreciation carried forward	(892.18)	(101.23)
Provision for doubtful debts and advances	(102.48)	(97.82)
Provision for compensated absences, gratuity and other employee benefits	(452.58)	(414.53)
Sales Tax set off	1,434.20	1135.19
Net deferred tax liability	2,806.90	2,304.65

30. Earnings per share:

(₹ in Lakhs)

	2012 – 13	2011 – 12
Profit available to Equity shareholders (₹ in Lakhs)	4,213.44	3,454.90
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	2.62	2.15
Earnings per share (₹) – Diluted	2.62	2.15
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 2013 (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 2012	973000	973,000	425,100	425,100
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31 March 2013	973000	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:

	2012 - 13	2011 – 12
Estimated fair values (arrived at by applying Black Scholes Option Pricing Model) Rs	-	9.02
Exercise Price ₹	-	16.65
Expected Volatility	-	57.58%
Risk free rate of return	-	7.83%
The weighted average contractual life of the options outstanding	-	10 years

Had fair value method been used, the compensation cost would have been higher by ₹46.09 Lakhs (previous year ₹90.78 Lakhs), profit after tax would have been lower by ₹44.31 Lakhs (previous year ₹61.33 Lakhs) and EPS – both Basic and Diluted – would have been ₹2.59 per share (lower by ₹ 0.03) (previous year ₹2.11 per share (lower by ₹ 0.04)).

32. Employment and Retirement Benefit

(₹ In Lakhs)

				2012-13	2011 – 12
1	Post-Employment benefits				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	145.76	141.86
		ii)	Company's contribution to Superannuation Fund	36.65	37.29
	b)	Defined benefit scheme			
		Gratuity Funded:			
	a)		Liability recognized in Balance Sheet		
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	1,080.93	1,032.20
			Service Cost	51.73	53.40
			Interest Cost	91.88	85.16
			Actuarial (Gain) / Loss on Obligations	26.54	3.73
			Benefits paid	(87.95)	(93.56)
			As at 31 March	1,163.13	1,080.93
			Less: Fair Value of Plan Assets		
			As at 1 April	1,012.68	929.47
			Expected Return on Plan assets less loss on Investments	87.09	74.36
			Contribution	68.25	102.73
			Benefits paid	(87.95)	(93.56)
			Actuarial Loss on Plan Assets	(14.62)	(0.32)
			As at 31 March	1,065.45	1,012.68
			NET	97.68	68.25
		Unfunded:			
			Present Value of Obligations		
			As at 1 April	568.72	520.10
			Service Cost	28.34	27.96
			Interest Cost	48.36	42.91
			Actuarial Loss on Obligations	70.48	12.73
			Benefits paid	(58.35)	(34.98)
			As at 31 March	657.55	568.72
			Net Liability	755.23	636.97
	b)		Expense during the year		
			Service Cost	80.07	81.36
			Interest Cost	140.24	128.07
			Expected Return on Plan assets	(87.09)	(74.36)
			Actuarial Loss on Obligations	111.64	16.78
			Total	244.86	151.85
	c)		Principal actuarial assumptions		
			Rate of Discounting	8.00%	8.50%
			Rate of Return on Plan Assets	8.70%	8.60%
			Rate of increase in salaries	4.11%	4.99%
			Attrition Rate	2%	2%
2	Breakup of Plan Assets:				
		i)	Government Bonds	502.25	477.84
		ii)	Corporate Bonds	403.20	421.70
		iii)	Special Deposit Scheme	8.71	8.71
		iv)	Others	151.29	104.43
			TOTAL	1,065.45	1,012.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (Contd...)

The company expects to contribute ₹85.82 Lakhs (previous year ₹98.45 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 Indian Assured Lives Mortality (2006-08) 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	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	**1,820.68**	1,649.65	1,552.29	1,422.13	1,221.80
Plan asset	**1,065.45**	1,012.68	929.47	789.15	643.03
Deficit	**755.23**	636.97	622.82	632.98	578.77
Experience adjustment on liabilities – loss	**37.07**	57.28	74.49	235.35	150.39
Experience adjustment on plan assets – loss	**14.62**	0.32	75.94	6.74	0.21

33. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding Forward Exchange Contracts as at 31 March 2013 and 31 March 2012.

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

(Figures in Lakhs)

	31 March 2013		31 March 2012	
	₹	Foreign Currency	₹	Foreign Currency
Unhedged				
Creditors for goods	**2,182.62**	**USD 36.80** **EURO 2.64**	1,862.61	USD 32.19 EURO 3.18
Debtors	**3,813.68**	**USD 62.20** **EURO 6.35**	2,534.59	USD 43.87 EURO 4.30
Creditors for expenses	**66.78**	**USD 1.21** **EURO 0.01**	49.88	USD 0.87 EURO 0.08

34. 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
Firm Registration No.117366W
P. B. Pardiwalla
Partner
Membership No. 40005
Place : Mumbai
Date : 30 May 2013

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

V. K. Gupte
Secretary

C. L. Jain
N. Sankar
V. R. Gupte
D.N.Mungale
Vishad P. Mafatlal
P. V. Bhide
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 FIFTY FIRST ANNUAL GENERAL MEETING of the Company being held at 2.30 P.M. on Monday, 29 July 2013 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 FIFTY FIRST ANNUAL GENERAL MEETING of the Company to be held at 2.30 P.M. on Monday, 29 July 2013 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, 2013.

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 :
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.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 stating that service of notice / documents including Annual Report can be sent by electronic mode to its members. To support this Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

i) The Registrar and Share Transfer Agents Viz. Sharepro Services (India) Pvt. Ltd. for shares held in physical form; and

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

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

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

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

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

NEW PLANT AT DAHEJ

Book - Post

Designed & Printed by
Rivera Systems

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@nociIindia.com, Website : www.natocil.com

Form A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1	Name of the Company	NOCIL LIMITED
2	Annual Standalone financial statements for the year ended	31st March, 2013
3	Type of Audit Observation	Un-qualified
4	Frequency of observation	N.A.
5	To be signed by:-	
	Audit Committee Chairman	27.6.2013
	Managing Director	27.6.2013.
	Chief Financial Officer	27.6.2013
	Auditor of the Company	Refer our Audit Report dated 30th May 2013 on Standalone Financial Statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No 117366W) P.B. Pardiwalla **P.B. Pardiwalla** Partner (Membership No. 40005) Mumbai, 27th June, 2013