



NOCIL LIMITED

49th ANNUAL REPORT 2010 - 2011



ARVIND MAFATLAL GROUP
The ethics of excellence

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REGISTRAR AND SHARE TRANSFER AGENTS:

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

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

INVESTOR RELATIONS CENTRE

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

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday 18 July 2011 to Wednesday, 27 July 2011.
2. The Shares of the Company have been brought under Compulsory dematerialization. Those shareholders who have not dematted their shareholding from physical to demat mode are requested to do so at the earliest.
3. The members are requested to quote their Folio Number / Client Id in all correspondence and also to notify immediately, change of address, if any, to the Registrar and Share Transfer Agents viz. Sharepro Services (I) Pvt. Ltd. at the address given on this page.
4. The members having multiple registered folios are requested to contact the Registrar and Share Transfer Agents of the Company for the purpose of consolidation of registered folios.
5. The members are requested to inform the Company their bank account particulars/ ECS mandates for the purpose of payment of dividend, if declared, at the ensuing Annual General Meeting.
6. The members are requested to bring their copy of the Annual Report along with them and their Attendance Slip which may be submitted at the entrance duly signed.
7. The members desirous of getting any information about accounts and operations of the Company are requested to address their queries to the Company Secretary at least 10 days in advance of the meeting so that information required can be made readily available at the meeting.

49th ANNUAL GENERAL MEETING

Date : 27 July 2011

Day : Wednesday

Time : 4.00 P. M.

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



CORPORATE INFORMATION

Arvind N. Mafatlal Chairman–Emeritus

BOARD OF DIRECTORS

Hrishikesh A. Mafatlal Chairman

Rohit Arora

Berjis Desai

V. R. Gupte

C. L. Jain

Vishad P. Mafatlal

D. N. Mungale

N. Sankar

P. V. Bhide (w.e.f. 26-10-2010)

C. R. Gupte Managing Director

COMPANY SECRETARY

V. K. Gupte

MANAGEMENT TEAM

C. R. Gupte Managing Director

S. R. Deo Senior Vice President – Technical

R. M. Gadgil Senior Vice President – Marketing

P. Srinivasan Vice President – Finance

C.S. Inamdar Assistant Vice President –
Marketing Technical Services

C. Nandi Assistant Vice President –
Research & Development

A. Sivaraman Assistant Vice President – Purchase

R. M. Desai Assistant Vice President –
Production and Personnel.

REGISTERED OFFICE

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

PLANT

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

CONTACT DETAILS

Telephone: 022-66364062 / 66576100

Fax : 022-66364060

E-mail : investorcare@nocilindia.com

Website : www.natocil.com

BANKERS

AXIS Bank Ltd.

Export-Import Bank of India

HDFC Bank Ltd.

Indian Overseas Bank

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

SOLICITORS & ADVOCATES

Vigil Juris

PDS Legal

IMPORTANT COMMUNICATION TO MEMBERS

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

- i) The Registrar and Share Transfer Agents Viz. Sharepro Services (India) Pvt. Ltd. for shares held in physical form and;
- ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

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

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

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

M/s. Sharepro Services (India) Pvt. Ltd.,

Unit : NOCIL Limited

13 A-B, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East)
Mumbai – 400 072.

I/We is/ are member/s of **M/s. NOCIL Ltd.** and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member _____

Joint Holder – 1 _____

Joint Holder – 2 _____

e-mail id for registration _____

Date : _____ Signature (1st holder) _____

Regd.Folio/Client Id No. _____



NOTICE

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

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Profit & Loss Account, Cash Flow Statement of the Company for the year ended 31 March 2011 and the Balance Sheet as at 31 March 2011 and the Reports of the Directors and the Auditors thereon.
- To declare dividend on equity shares.
- To appoint a Director in place of Mr. H.A.Mafatlal who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Rohit Arora who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Vishad P. Mafatlal who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Messrs Deloitte Haskins and Sells, Chartered Accountants, Mumbai (Registration No. 117366W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2010-11, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes."

SPECIAL BUSINESS :

- To consider and if thought fit, to pass, with or without modification, the following as an **Ordinary Resolution**:
"RESOLVED THAT Mr. P.V. Bhide who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 26 October 2010 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received under section 257 of the Companies Act, 1956, a notice in writing from a member proposing his candidature for the office of Directorship of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

Registered Office :

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

Dated : 30 May 2011

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

V. K. GUPTE
Company Secretary

NOTES :

- 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.

- The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 7 mentioned in the above Notice is annexed hereto.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 18 July 2011 to Wednesday, the 27 July 2011 (both days inclusive).
- The dividend for the year ended 31 March 2011 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 27 July 2011. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend, if approved, at the Annual General Meeting, will be paid at par on 1 August 2011.
- Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed /unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividends are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amounts once credited to the said Fund.

6. Annexure to Notice

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

Item No.7

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

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

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

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

served in various capacities including Finance Secretary and Energy Secretary. He was also Managing Director in APCO and Godavari Fertilizers & Chemicals Ltd.

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

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

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

(In pursuance of Clause 49 of the Listing Agreement)

Mr. H. A. Mafatlal :	
Age & Qualifications	56 years, holds an Honours Degree in Commerce (1975) from the Sydenham College, Mumbai. In 1993, he attended the Advanced Management Programme (AMP) at the Harvard Business School, United States.
Expertise in Specific Functional Areas	Mr. H. A. Mafatlal is the Vice Chairman and Chief Executive of the Arvind Mafatal Group of Companies (AMG). AMG has major interests in Textiles (Mafatlal Industries Limited), Denims (Mafatlal Denim Ltd.), Rubber Chemicals (NOCIL Ltd.) and Fluorochemicals (Navin Fluourine International Ltd.). He is a past President and now a Managing Committee Member of the Millowners' Association, Mumbai (MOA). He is a Governing Council Member of the N. L. Dalmia Institute of Management Studies & Research. He was a Member on the Board of Governors of IIM Ahmedabad for 12 years (1995-2007), and a Vice-Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL). He is a Trustee of Shri Sadguru Seva Sangh Trust as well as BAIF Development Research Foundation.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. Mafatlal Industries Limited 2. Navin Fluourine International Ltd. 3. Mafatlal Services Ltd 4. Mafatlal Denim Ltd. 5. Cebon Apparel Pvt. Ltd. 6. Vibhadeep Investments & Trading Ltd. 7. Mafatlal Asset Management Co. Ltd. 8. Eyeindia.com Pvt. Ltd. 9. Techergo Solutions Ltd. 10. Tropical Clothing Co. Pvt. Ltd. 11. Mafatlal Global Apparel Ltd.
Memberships/Chairmanships of Committees of other Companies	<p>Audit Committee : <i>Chairman</i> – Vibhadeep Investments & Trading Ltd.</p> <p>Investor Grievances Committee : <i>Member</i> – Mafatlal Industries Ltd.</p> <p>Share Transfer Committee : <i>Member</i> – Mafatlal Industries Ltd.</p>
Number of shares held in the company	27900
Disclosure of relationship	Mr. H. A. Mafatlal is related to Mr. Vishad P. Mafatlal.
Mr. Rohit Arora :	
Age & Qualifications	52 years Fellow Member of the Institute of Chartered Accountants of India
Expertise in Specific Functional Areas	Mr. Arora has over two decades of experience in Business Process Outsourcing, Investment Banking and Management Consultancy.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. A. R.Credit Information Services Pvt. Ltd. 2. ARCIS International Pvt. Ltd. (Mauritius) 3. ARCIS E Services Pvt. Ltd. 4. Profile Estates Pvt. Ltd. 5. Silverskills Pvt. Ltd. 6. EMR International Holdings Pvt. Ltd. (Mauritius) 7. Mahle Filter Systems (India) Ltd. 8. Henkel Teroson India Ltd. 9. Baroda Pioneer Asset Management Co. Ltd. 10. Camfil Farr Air Filtration India Ltd.
Membership/Chairmanship of Committees of other Companies	<p>Audit Committee</p> <p>Chairman – Baroda Pioneer Asset Management Co. Ltd.</p>
Number of shares held in the Company	Nil
Disclosure of relationship	Mr. Rohit Arora is not related to any Director of the Company.



Mr. Vishad P. Mafatlal :																					
Age & Qualifications	37 years B.Sc (Economics) from University of Pennsylvania, Wharton School, Class of 1995, Philadelphia (USA).																				
Expertise in Specific Functional Areas	Jt. Managing Director of Mafatlal Denim Limited and having business experience of more than 14 years in textile and chemicals.																				
Directorships held in other Companies	<table border="0"> <tr> <td>1. Mafatlal Services Ltd.</td><td>11. Mayflower Chemtex Trading Pvt. Ltd.</td></tr> <tr> <td>2. Mafatlal Denim Ltd.</td><td>12. Mafatlal Exim Pvt. Ltd.</td></tr> <tr> <td>3. Navin Fluourine International Ltd.</td><td>13. Mafatlal Impex Ltd.</td></tr> <tr> <td>4. Tropical Clothing Co. Pvt. Ltd.</td><td>14. Shripad Associates Pvt. Ltd.</td></tr> <tr> <td>5. Cebon Apparel Pvt. Ltd.</td><td>15. Arvi Associates Pvt. Ltd.</td></tr> <tr> <td>6. Eyeindia.com Pvt. Ltd.</td><td>16. Altamount Products & Services Pvt. Ltd.</td></tr> <tr> <td>7. Techergo Solutions Ltd.</td><td>17. Mafatlal Global Apparel Ltd.</td></tr> <tr> <td>8. Mafatlal Fabrics Pvt. Ltd.</td><td>18. Sukarma Investments Pvt. Ltd.</td></tr> <tr> <td>9. Sarvamangala Holdings Pvt. Ltd.</td><td>19. Vibhadeep Investments & Trading Ltd.</td></tr> <tr> <td>10. Myrtle Chemtex Trading Pvt. Ltd.</td><td></td></tr> </table>	1. Mafatlal Services Ltd.	11. Mayflower Chemtex Trading Pvt. Ltd.	2. Mafatlal Denim Ltd.	12. Mafatlal Exim Pvt. Ltd.	3. Navin Fluourine International Ltd.	13. Mafatlal Impex Ltd.	4. Tropical Clothing Co. Pvt. Ltd.	14. Shripad Associates Pvt. Ltd.	5. Cebon Apparel Pvt. Ltd.	15. Arvi Associates Pvt. Ltd.	6. Eyeindia.com Pvt. Ltd.	16. Altamount Products & Services Pvt. Ltd.	7. Techergo Solutions Ltd.	17. Mafatlal Global Apparel Ltd.	8. Mafatlal Fabrics Pvt. Ltd.	18. Sukarma Investments Pvt. Ltd.	9. Sarvamangala Holdings Pvt. Ltd.	19. Vibhadeep Investments & Trading Ltd.	10. Myrtle Chemtex Trading Pvt. Ltd.	
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Membership/Chairmanship of Committees of other Companies	NIL																				
Number of shares held in the Company	400																				
Disclosure of relationship	Mr. Vishad P. Mafatlal is related to Mr. H. A. Mafatlal.																				
Mr. P. V. Bhide :																					
Age & Qualifications	61 years B.Sc. (Hons), LL.B., M.B.A. I.A.S. of 1973 Batch–Andhra Pradesh Cadre																				
Expertise in Specific Functional Areas	Mr. Bhide retired in January, 2010 as Revenue Secretary, Ministry of Finance, Govt. of India. Prior to that Mr. Bhide was Secretary, Department of Disinvestment. He has also served as Special Secretary and Additional Secretary of Ministry of Home Affairs, Govt. of India. Mr. Bhide had earlier worked as Director in the Department of Economic Affairs and was deputed to the World Bank during 1988-92 as Technical Advisor. In the State Government, he has served in various capacities including Finance Secretary and Energy Secretary. He was also Managing Director in APCO and Godavari Fertilizers & Chemicals Ltd.																				
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4. Tube Investments of India Ltd.																					
Memberships / Chairmanships of Committees of other Companies	Investors Grievances Committee – Glaxo Smithkline Pharmaceuticals Ltd. Sr. Management Review Committee – Glaxo Smithkline Pharmaceuticals Ltd																				
Number of shares held in the company	NIL																				
Disclosure of relationship	Mr. P. V. Bhide is not related to any Director of the Company.																				

Registered Office :

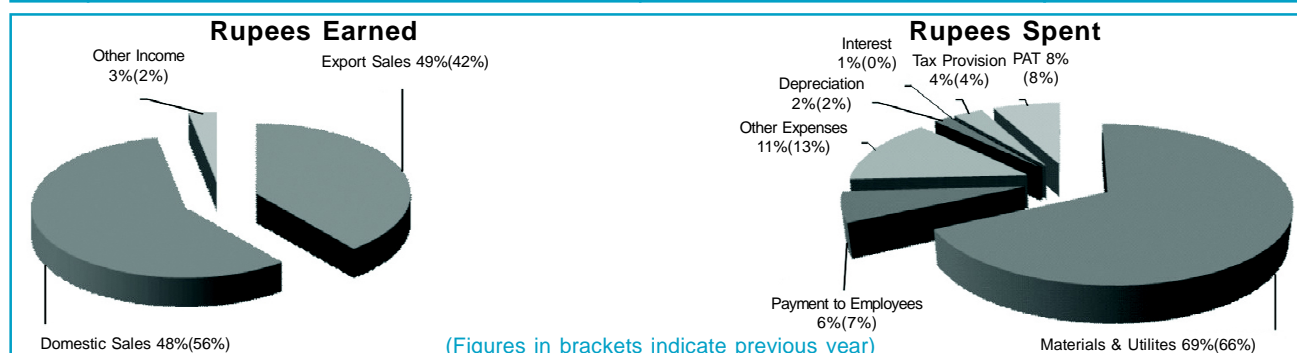
Mafatlal House,
H. T. Parekh Marg, Backbay Reclamation,
Churchgate, Mumbai – 400 020.
Dated : 30 May 2011

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

V. K. GUPTA
Company Secretary

(₹ in lakhs)

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





DIRECTORS' REPORT

Dear Members,

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

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

PERFORMANCE OF THE COMPANY

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

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

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

In order to be able to participate in the large domestic demand which we have not been able to access on account of the dumped imports, we, during the year, initiated a Mid Term Anti Dumping Petition on Imports sourced from Korea and also a Safeguards Petition for one of the main products of your Company. The concerned Authorities have accepted our petitions and have already initiated investigations in this connection. Both these matters are currently at an advance stage of completion and their

final findings are due shortly. We are hopeful of getting some relief in these cases which should help us in improving our capacity utilization and market share for the said product.

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

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

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

EXPORTS

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

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

BUSINESS SCENARIO

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

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

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

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

PROJECT

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

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

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

DIVIDEND

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

TRANSFER OF UNPAID DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

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

FIXED DEPOSITS

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

INSURANCE

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

HEALTH, SAFETY AND ENVIRONMENT (HSE)

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

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

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

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

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

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

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

TOTAL QUALITY MANAGEMENT

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

RESEARCH & DEVELOPMENT

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