



NOCIL LIMITED



50th ANNUAL REPORT
2011 - 2012



ARVIND MAFATLAL GROUP
The ethics of excellence



SHRI ARVIND N. MAFATLAL

OCTOBER 27th 1923 – OCTOBER 30th 2011

A LIFETIME OF SERVICE TO INDUSTRY & SOCIETY

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

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

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

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

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

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

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

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

May his soul rest in Peace!



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REGISTRAR AND SHARE TRANSFER AGENTS:

M/s. Sharepro Services (India) Pvt. Ltd.,
Unit: NOCIL Limited
13 A-B, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East)
Mumbai-400072

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

INVESTORS' RELATION CENTRE

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

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23 July 2012 to Tuesday, 31 July 2012.
2. Those shareholders who have yet not dematted their shareholding from physical to demat mode are requested to do so at the earliest.
3. The members are requested to quote their Folio Number /Client Id in all correspondence and also to notify immediately, change of address, if any, to the Registrar and Share Transfer Agents viz. Sharepro Services (I) Pvt. Ltd at the address given on this page.
4. The members having multiple registered folios are requested to contact the Registrar and Share Transfer Agents of the Company for the purpose of consolidation of registered folios.
5. The members are requested to inform the Company their bank account particulars/ ECS mandates for the purpose of payment of dividend, if declared, at the ensuing Annual General Meeting.
6. The members are requested to bring their copy of the Annual Report along with them and their Attendance Slip which may be submitted at the entrance duly signed.
7. The members desirous of getting any information about accounts and operations of the Company are requested to address their queries to the Company Secretary at least 10 days in advance of the meeting so that information required can be made readily available at the meeting.
8. Keeping in view the objective of "Green 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 2011-12 is being uploaded on the website of the Company viz. www.natocil.com for reference of the Members of the Company.

50th ANNUAL GENERAL MEETING

Date : 31 July 2012

Day : Tuesday

Time : 4.00 P.M.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hrishikesh A. Mafatlal Chairman

Rohit Arora

Berjis Desai

V. R. Gupte

C. L. Jain

Vishad P. Mafatlal

D. N. Mungale

N. Sankar

P. V. Bhide

C. R. Gupte Managing Director

COMPANY SECRETARY

V. K. Gupte

MANAGEMENT TEAM

C. R. Gupte	Managing Director
S. R. Deo	Senior Vice President – Technical
R. M. Gadgil	Senior Vice President – Marketing
P. Srinivasan	Vice President – Finance
C. Nandi	Vice President – Research & Development
A. Sivaraman	Assistant Vice President – Purchase
R. M. Desai	Assistant Vice President – Production & Personnel
N.D. Gangal	Assistant Vice President – QA & Analytical Research
Rakesh Srivastava	Assistant Vice President – Exports
Ashwin Bhende	Assistant Vice President – Technology

REGISTERED OFFICE

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

PLANT

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

CONTACT DETAILS

Telephone : 022-66364062 / 66576100

Fax : 022-66364060

E-mail : investorcare@nocilindia.com

Website : www.natocil.com

BANKERS

HDFC Bank Ltd.

Export-Import Bank of India

AXIS Bank Ltd.

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

SOLICITORS & ADVOCATES

Vigil Juris

PDS Legal



IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 stating that service of notice / documents including Annual Report can be sent by electronic mode to its members. Further, SEBI, vide its circular Ref. No. CIF/CFD/DIL/2011 dated 5 October 2011, has directed listed Companies to supply soft copies of full Annual Reports to all those shareholders who have registered their e-mail addresses. Your Company being dedicated towards preserving and protecting environment, supporting this Green initiative of the Government in full measure. Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

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

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

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

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

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

I/We is/ are member/s of **NOCIL Ltd** and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs and Circular Ref No. CIF/CFD/DIL/2011 dated 5 October 2011 by SEBI. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member _____
 Joint Holder – 1 _____
 Joint Holder – 2 _____
 e-mail id for registration _____

Date : _____ Signature (1st holder) _____
 Regd.Folio/Client Id No. _____

NOTICE

NOTICE is hereby given that the FIFTIETH Annual General Meeting of the Members of NOCIL Limited will be held at 4.00 p.m. on Tuesday, the 31 July 2012, at Rama Watumull Auditorium, K.C.College, Dinshaw Wacha Road, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account, Cash Flow Statement of the Company for the year ended 31 March 2012 and the Balance Sheet as at 31 March 2012 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. N. Sankar who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. V.R. Gupte who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution, in respect of the vacancy caused by the retirement of Mr. Berjis Desai, who retires by rotation and has expressed his inability for re-appointment, which is not proposed to be filled up, as an Ordinary Resolution :

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

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

“RESOLVED THAT Messrs Deloitte Haskins and Sells, Chartered Accountants, Mumbai (Registration No. 117366W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2012-13, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes.”

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

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

V.K.Gupte
Company Secretary

NOTES:

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

Proxies in order to be effective, must be received by the Company, at 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 23 July 2012 to Tuesday, the 31 July 2012 (both days inclusive).
3. The dividend for the year ended 31 March 2012 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 31 July 2012. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend, if approved, at the Annual General Meeting, will be paid at par on 6 August 2012.
4. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed /unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government, Members who have so far not claimed the dividends are requested to make claim with the Company immediately as no claim shall lie against the IEPF or the Company in respect of individual amounts once credited to the said IEPF.

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

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


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

(In pursuance of Clause 49 of the Listing Agreement)

Mr. N.Sankar :	
Age & Qualifications:	66 Master Degree in Chemical Engineering from the Illinois Institute of Technology, Chicago, U.S.A.
Expertise in Specific Functional Areas	Mr. Sankar is the Chairman of The Sanmar Group, Chennai. The Sanmar Group is a global conglomerate with modern manufacturing facilities located in India, Egypt, The U.S. and Mexico and it is engaged in 25 businesses across the Chemicals, Engineering and Shipping Sectors
Directorships held in other Companies	<ol style="list-style-type: none"> 1. Sanmar Holdings Ltd. 2. Sanmar Consolidations Ltd 3. Sanmar Overseas Investments AG 4. SHL Securities (Alpha) Ltd. 5. NK Trading & Consultancy Pvt. Ltd 6. NS Family Consolidations Pvt. Ltd. 7. NS Family Investments Pvt. Ltd. 8. N. Sankar Properties and Holdings Pvt. Ltd. 9. VS Trading & Consultancy Pvt. Ltd. 10. C.Sankar Trading & Consultancy Pvt. Ltd. 11. M. Sankar Trading & Consultancy Pvt. Ltd. 12. FL Smidth Pvt. Ltd. 13. SHL Research Foundation 14. Chennai Willingdon Corporate Foundation 15. Chennai Heritage
Memberships / Chairmanships of Committees of other Companies	NIL
Number of shares held in the company	NIL.
Disclosure of relationship	Mr. N.Sankar is not related to any Director of the Company.
Mr. V.R.Gupte:	
Age & Qualifications:	67 B. Com., Member of the Institute of Chartered Accountants of India.
Expertise in Specific Functional Areas	Mr. Gupte has more than 40 years experience at various companies in Finance, Legal and Commercial matters. He retired as Chief Executive Officer of our Company in July, 2005. Presently he is part of a Business Solutions Consultancy.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. Mafatlal Denim Limited. 2. World Tax Services India Pvt. Ltd.
Membership/Chairmanship of Committees of other Companies	Mafatlal Denim Ltd. Chairman- Remuneration Committee Member - Audit Committee
Number of shares held in the Company	600 (As Joint holder)
Disclosure of relationship	Mr. V.R.Gupte is related to Mr. C.R.Gupte Managing Director.

Registered Office:

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

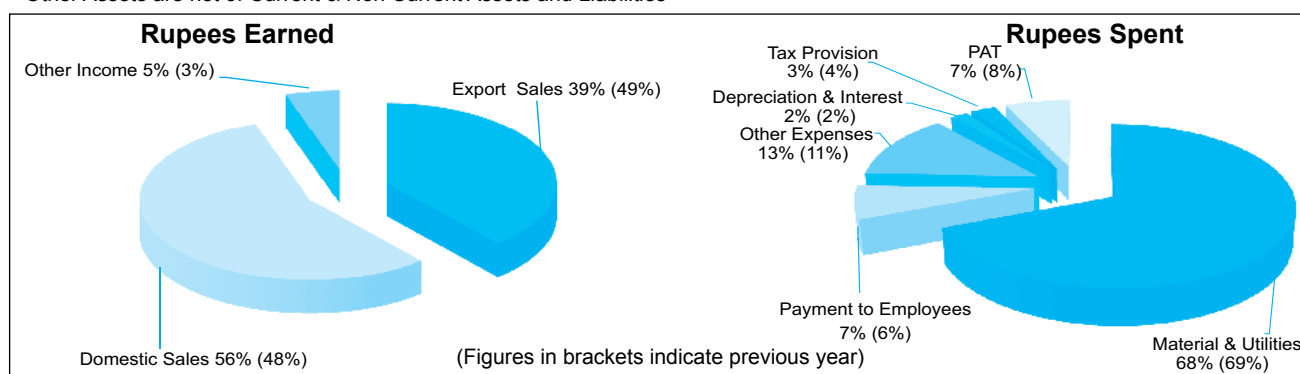
By Order of the Board
For **NOCIL Limited**

V.K.Gupte
Company Secretary

(₹ in lakhs)

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

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





DIRECTORS' REPORT

Dear Members,

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

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

PERFORMANCE OF THE COMPANY

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

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

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

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

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

EXPORTS

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

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

BUSINESS SCENARIO

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

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

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

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

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

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

PROJECT

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

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

FINANCE & RATING

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

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

DIVIDEND

Your Directors are pleased to recommend payment of dividend of Re.0.60 per share of ₹ 10/- each (6%), on the equity share capital of the Company (previous year Re.0.60 per share of ₹10/- (6%). The dividend, together with the tax on Dividend, will absorb a sum of ₹11.22 crore (previous year ₹11.22 crore).

TRANSFER OF UNPAID DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

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

FIXED DEPOSITS

As on 31 March 2012, fixed deposits amounting to ₹ 3 lakhs have not been claimed by the depositors from the Company. All these fixed deposits have matured on or before 31 March 2005 and accordingly the entire amount as it remained unclaimed since then, has been transferred to Investor Education & Protection Fund, as required under Section 205C of the Companies Act, 1956.

INSURANCE

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

HEALTH, SAFETY AND ENVIRONMENT (HSE)

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

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

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

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

All the environment protection and pollution abatement measures are carried out inside the company itself to ensure that all the stipulated environment norms are strictly followed. "Green Chemistry" section of R&D focuses on the environmental standard improvement. The company's decision to change the methodology of generating steam from liquid fuel to gas based is one such step implemented in field of "Green Chemistry". Continual improvement in the environment standard is an important aspect of your Company's business objectives.

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

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

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

TOTAL QUALITY MANAGEMENT

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

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