



NOCIL LIMITED

51st ANNUAL REPORT
2012 - 13



ARVIND MAFATLAL GROUP
The ethics of excellence

NEW PLANT AT DAHEJ





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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.

Dated: 30 May 2013

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 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	<div><div>1. Asit C. Mehta Investment Intermediates Ltd.</div><div>2. United Breweries Ltd.</div><div>3. SW Finance Co. Ltd.</div><div>4. RPG Life Science Ltd.</div><div>5. Practical Financial Services Pvt. Ltd</div><div>6. Pioneer Distilleries Ltd.</div></div>
Memberships / Chairmanships of Committees of other Companies	<div><div>Audit Committee</div><div>Investors Grievance Committee</div><div>Remuneration Committee</div><div>: Chairman – RPG Life Science Ltd.</div><div>: Member – United Breweries Ltd.</div><div>: Member – United Breweries Ltd.</div><div>: Chairman – RPG Life Science Ltd.</div><div>: Member – United Breweries Ltd.</div></div>
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	<table><tr><td>1. Chowgule Steamships Ltd.</td><td>5. Mahindra Composites Ltd.</td></tr><tr><td>2. Kalpataru Ltd.</td><td>6. Samson Maritime Ltd.</td></tr><tr><td>3. LIC Housing Finance Ltd.</td><td>7. Sicagen India Ltd.</td></tr><tr><td>4. Mahindra & Mahindra Financial Services Ltd.</td><td>8. Tamilnadu Petroproducts Ltd.</td></tr></table>			1. Chowgule Steamships Ltd.	5. Mahindra Composites Ltd.	2. Kalpataru Ltd.	6. Samson Maritime Ltd.	3. LIC Housing Finance Ltd.	7. Sicagen India Ltd.	4. Mahindra & Mahindra Financial Services Ltd.	8. Tamilnadu Petroproducts Ltd.		
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Membership/Chairmanship of Committees of other Companies	<table><tr><td rowspan="2">Audit Committee :</td><td>Chairman</td><td rowspan="2">Chowgule Steamships Ltd. Mahindra & Mahindra Financial Services Ltd. LIC Housing Finance Ltd. Mahindra Composites Ltd. Sicagen India Ltd. Kalpataru Ltd. Samson Maritime Ltd.</td></tr><tr><td>Member</td></tr><tr><td>Compensation Committee</td><td>Member</td><td>Chowgule Steamships Ltd. Mahindra & Mahindra Financial Services Ltd. Mahindra Composites Ltd. Sicagen India Ltd. Kalpataru Ltd. Samson Maritime Ltd.</td></tr><tr><td>Asset Liability Committee</td><td>Chairman</td><td>Mahindra & Mahindra Financial Services Ltd</td></tr></table>			Audit Committee :	Chairman	Chowgule Steamships Ltd. Mahindra & Mahindra Financial Services Ltd. LIC Housing Finance Ltd. Mahindra Composites Ltd. Sicagen India Ltd. Kalpataru Ltd. Samson Maritime Ltd.	Member	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
Audit Committee :	Chairman	Chowgule Steamships Ltd. Mahindra & Mahindra Financial Services Ltd. LIC Housing Finance Ltd. Mahindra Composites Ltd. Sicagen India Ltd. Kalpataru Ltd. Samson Maritime Ltd.											
	Member												
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	<ol style="list-style-type: none"> 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**

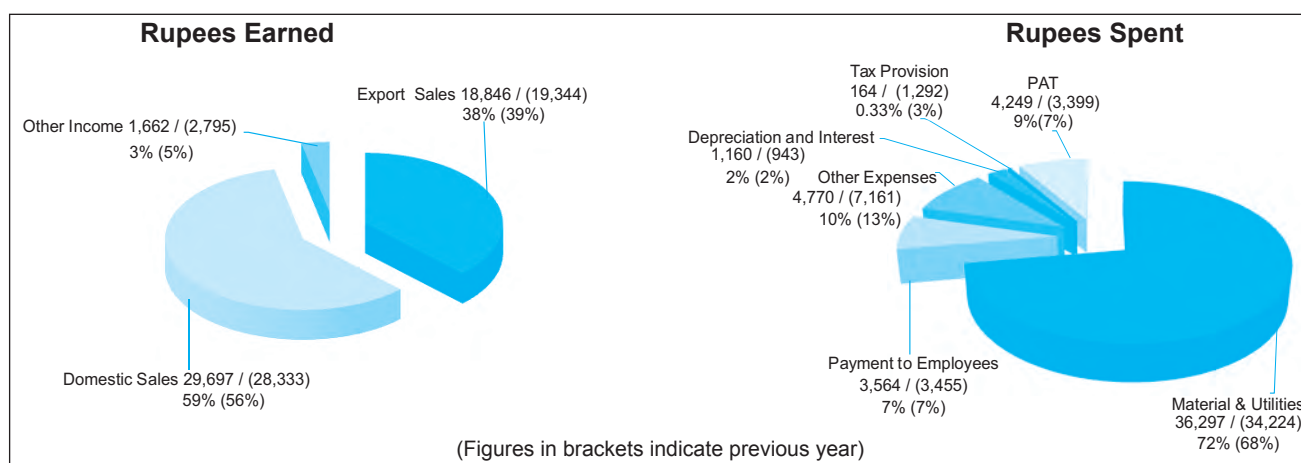
V.K.Gupte
Company Secretary

(₹ 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





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 diminution 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.