NOCIL

NOCIL LIMITED

52nd Annual Report 2013 - 14

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-400072

Tel Nos. 022- 67720300 / 022-67720400
Fax No. 022-2859 1568 / 022-2850 8927

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, 23 June 2014 to Monday, 30 June 2014.
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 2013-14 is being uploaded on the website of the Company viz.www.nocil.com for reference of the Members of the Company.

52nd Annual General Meeting
Date : 30 June 2014
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
S.R. Deo	Executive Director & President-Technical (w.e.f. - 1 January 2014)

COMPANY SECRETARY

V. K. Gupte

AUDITORS

Deloitte Haskins & Sells LLP

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.

PLANTS

Navi Mumbai

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

Dahej

12/A/1 & 13/B/1, Dahej Indl. Estate,
Village Ambheta,
Tal. Vagra, Dist. Bharuch, Gujarat - 392130

CONTACT DETAILS

Telephone : 022-66364062 / 66576100

Fax : 022-66364060

E-mail : investorcare@nocilindia.com

Website : www.nocil.com

NOCIL LIMITED

Regd. Office: Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400 020
T.No. 91-22-66364062, Fax: 91-22-66364060, Website: www.nocil.com
CIN No. L99999MH1961PLC012003 Email: investorcare@nocilindia.com

NOTICE

NOTICE is hereby given that the **FIFTY SECOND** Annual General Meeting of the Members of NOCIL Limited will be held at 2.30 p.m. on Monday, the 30th June, 2014 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 2014 and the Balance Sheet as at 31 March 2014 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. H.A. Mafatlal (holding DIN 00009872), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to Section 139(1) of the Companies Act, 2013, M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W) be and are hereby appointed as Statutory Auditors of the Company to hold office for the period of 3 (three) years from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held during the year 2017, to examine and audit the accounts of the Company for the financial year 2014-15, 2015-16 and 2016-17 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."

   FURTHER RESOLVED THAT the appointment of M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W) for the period of 3 (three) years made at the ensuing Annual General Meeting shall be subject to ratification at every subsequent 3 Annual General Meetings."

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** Mr. S.R. Deo (holding DIN 01122338) who was appointed as an Additional Director w.e.f. 1 January 2014 by the Board of Directors of the Company at its meeting held on 18 December 2013 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 (corresponding Section 161 (1) of the Companies Act, 2013) and in respect of whom the Company has received under section 160 of the Companies Act, 2013, (erstwhile 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."
6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Sections 196, 197, 198, 200 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (erstwhile Sections 269, 198. 309, 310, 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956) or any statutory modification or re-enactment thereof for the time being in force and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be imposed or prescribed by any other authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Mr. S. R. Deo (holding DIN 01122338) as Executive Director and President (Technical) for a period of 5 (five) years with effect from 1 January 2014 and for payment of remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice with liberty to the Board of Directors to alter and vary the terms of remuneration, in such manner as the Board may deem fit.

   FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of Mr. S.R. Deo, Executive Director and President (Technical), the Company has no profits or its profits are inadequate, the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, be paid as minimum remuneration, subject to such statutory approval as may be applicable.

   FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable and expedient to give effect to this resolution."
7. To consider and if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. C.L. Jain (holding DIN 00102910), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years.
8. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. N. Sankar (holding DIN 00007843), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years
9. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Rohit Arora (holding DIN 00445753), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years.

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

    "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. D.N. Mungale (holding DIN 00007563), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years.

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

    "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. P.V. Bhide (holding DIN 03304262), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years.

12. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

    "**RESOLVED THAT** pursuant to the provisions of section 197 and other applicable provisions, if any, of the Companies Act, 2013 (erstwhile section 309 and other applicable provisions, if any, of the Companies Act 1956), the Company in the General Meeting do hereby renew the Special Resolution authorizing the payment of commission at the rate of up to 1% of the net profits of the Company computed in the manner as laid down under sections 197 and 198 of the Companies Act, 2013 (erstwhile sections 198, 349 and 350 of the Companies Act, 1956), in each year to the Directors of the Company other than the Managing Director and Executive / Whole Time Directors of the Company (apart from sitting fees and expenses incurred for attending the meeting of the Board or the Committee(s) thereof) for a further period of five years from 1 September 2014 and that such commission as may be divided by the Board of Directors of the Company amongst such Director or Directors and/ or any ex-Director(s) including Alternate Directors and in such manner or proportion and on such basis as they may in their discretion decide".

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

    "RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions if any, payment of Remuneration of ₹ 3,00,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to M/s. Kishore Bhatia & Associates, Cost Auditors, Mumbai (Registration No. 00294), who were appointed by the Board of Directors in their meeting held on 30 April 2014 for carrying out Cost Audit of the Company for financial year 2014-15, be and is hereby approved and ratified".

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

    "**RESOLVED THAT** in supersession of the Ordinary Resolutions passed at Annual General Meeting held on 18 August, 1992 and 30 December 1994 and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (erstwhile section 293(1) (d) of the Companies Act, 1956), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time from any one or more of the Company's bankers or from any one or more other persons, firms, bodies corporate or financial institutions, whether by way of cash credit, advances or deposits or loans, secured or unsecured in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business), shall not exceed of Rs. 1000 crore (Rupees One Thousand crore) over and above the aggregate of the paid up share capital and free reserves of the Company that is to say the reserves not set apart for any specific purpose".

Registered Office:

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

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

V.K.Gupte
Company Secretary

Date : 30 April 2014

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective, must be received by the Company, at its Registered Office not less than 48 hours before the Meeting.

   A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (erstwhile Section 173 of the Companies Act, 1956), relating to Special Business is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23 June 2014 to Monday, 30 June 2014 (both days inclusive).

4. The dividend for the year ended 31 March 2014 as recommended by the Board, will be paid to those members whose names appear on the Company's Register of Members on 30 June 2014. 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 3 July 2014.

5. Members are requested to note that pursuant to the provisions of Section 125 (2) of the Companies Act, 2013 (erstwhile 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 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 declaration of dividend	Due date of transfer of unclaimed & unpaid Dividend
31 March 2007	27 August 2007	3 October 2014
31 March 2008	22 July 2008	28 August 2015
31 March 2009	29 July 2009	4 September 2016
31 March 2010	30 July 2010	5 September 2017
31 March 2011	27 July 2011	2 September 2018
31 March 2012	31 July 2012	6 September 2019
31 March 2013	29 July 2013	4 September 2020

6. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
7. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 52nd Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 52nd Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. In terms of section 108 of the Companies Act, 2013, and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company has made arrangement to its members to exercise their right to vote at Annual General Meeting by electronic means.

Procedure for e-Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 52nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

(i) Open email and open PDF file viz; "e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.co.in

(iii) Click on "Shareholder - Login"

(iv) Put User ID and password as initial password noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of NOCIL Limited.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to hemanshu@hkacs.com with a copy marked to evoting@nsdl.co.in.

B. (i) In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(a) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (E Voting Event Number) / **USER ID and PASSWORD.**

(b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

(ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

(iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

(iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, 23 May 2014.

(vl) The e-voting period commences on 24 June 2014 at 9:00 a.m. and ends on 26 June 2014 at 6:00 p.m. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(vii) M/s.Hemanshu Kapadia & Associates, practising Companies Secretaries (C.P. No. 2285) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(viii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(ix) The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.nocil.com and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

10. Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting. (In pursuance of Clause 49 of the Listing Agreement)

Mr. Hrishikesh A. Mafatlal:

Age & Qualifications:	59 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 Chairman and Chief Executive of the Arvind Mafatal Group of Companies (AMG). AMG has major interests in Textiles (Mafatlal Industries Limited), Rubber Chemicals (NOCIL Ltd.) and Fluorochemicals (Navin Fluorine 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 Public Limited Companies	1. Mafatlal Industries Limited 2. Navin Fluorine International Ltd. 3. Mafatlal Services Ltd 4. Mafatlal Asset Management Co. Ltd 5. Techergo Solutions Ltd. 6. Mafatlal Global Apparel Ltd.
Memberships / Chairmanships of Committees of other Companies	Investor Grievances Committee • Member – Mafatlal Industries Ltd. Share Transfer Committee • Member – Mafatlal Industries Ltd.
Number of shares held in the company	44,930 and out of which 5030 as Trustee of Hrishikesh A. Mafatlal Family Trust No.1
Disclosure of relationship	Mr. H.A. Mafatlal is related to Mr. Vishad P. Mafatlal.

Mr. S.R.Deo:

Age & Qualifications:	59 M. Tech. (Chemical Engineering) I.I.T. Kanpur
Expertise in Specific Functional Areas	Mr. Deo was associated with various functions of businesses like manufacturing, technology, project engineering and execution, business strategy and marketing. Mr. Deo was head of manufacturing and head of marketing for erstwhile Petrochemical Division of the Company. Prior to appointment as Executive Director, Mr. Deo was Sr. Vice President – Technical of the Company and has contributed to improve the plant efficiencies, product quality, Health, Safety and Environment (HSE) standards in the company, Human Resources strategy to meet the future business challenges, creating strong technical team of Research and Technology for indigenous development of technologies and its implementation.
Directorships held in other Public Limited Companies	NIL
Memberships / Chairmanships of Committees of other Companies	NIL
Number of shares held in the company	10 out of which 5 are held as Joint holder.
Disclosure of relationship	Mr. S.R. Deo is not related to any of the Director of the Company.

Annexure to the Notice

Explanatory Statement as required under Section 102 of the Companies Act, 2013 (erstwhile section 173 of the Companies Act, 1956):

Item No. 5 and 6

The Board of Directors of the Company at its meeting held on 18 December 2013, appointed Mr. S.R.Deo as Additional Director pursuant to Section 161 of the Companies Act, 2013 (erstwhile Section 260 of the Companies Act, 1956), designated as Executive Director and President (Technical) on the remuneration and perquisites mentioned herein below. As per the provisions of said section Mr. Deo holds office as Additional Director up to the date of the forthcoming Annual General Meeting.

The Company has received Notice under Section 160 of the Companies Act, 2013 (erstwhile Section 257 of the Companies Act, 1956) from a member of the Company along with requisite deposit signifying his intention to propose Mr. Deo as a Director of the Company.

Mr. Deo is associated with Arvind Mafatlal Group (AMG) since last 35 years. Mr. Deo joined the AMG, after completing his M. Tech in Chemical Engineering from IIT Kanpur, as Management Trainee in erstwhile Polyolefins Industries Limited.

The grassroots new project at Dahej was successfully completed and commissioned under his leadership.

The Remuneration Committee and the Board of Directors at their respective Meetings held on 18 December 2013 approved payment of remuneration and perquisites subject to the approval of members of the Company and the Central Government, if required.

The terms of remuneration and perquisites payable to Mr. Deo are as follows:

A) i) Salary : ₹ 2,50,000/- (Rupees two lakhs fifty thousand only) per month.

ii) Perquisites and Allowances, the aggregate monetary value of which shall not exceed ₹ 48,65,000/- (Rupees Forty Eight Lakhs Sixty Five thousand only) per annum or as may be decided by the Board from time to time.

These perquisites and other allowances will be in addition to items mentioned in Clause (C) below.

The salary and perquisites as mentioned under (i) and (ii) above will be exclusive of:

- Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income Tax Act, 1961.
- Gratuity at the rate of one month's salary for every completed year or service or part thereof in excess of six months on the basis of the last drawn salary.
- Encashment of leave as per Company's Rules at the end of the tenure of service from the Company.
- Long Service benefit at the rate of one and half month's salary for every completed year of service or part thereof in excess of six months on the basis of last drawn salary.

B) Performance Bonus as may be fixed by the Board from time to time on the basis of the performance of Mr. Deo and of the Company subject to and within the limits of the Companies Act, 2013 or any amendments thereto.

C) Apart from the above mentioned remuneration, he shall be entitled to:

i) Furnished Residential Accommodation or House Rent Allowance of ₹ 1,00,000/- (Rupees one lakh only) per month.

ii) Leave as per the rules of the Company.

iii) Reimbursement of Domiciliary Medical Expenses actually and properly incurred by him and his family and Mediclaim Policy for hospitalization.

iv) Expenses actually and properly incurred by him in the course of legitimate business of the company.

v) Club Membership Fees subject to a maximum of one Club.

vi) Personal Accident Insurance Policy.

vii) Provision for use of motor car with driver for both official and personal use and reimbursement of telephone, gas and electricity expenses incurred at his residence.

viii) Life Insurance as per the rules of the Company.

The copy of Letter of Appointment is kept open for inspection by any member of the Company under Section 190 (2) of the Companies Act, 2013.

(Further, the above may be treated as an abstract of the terms of remuneration in compliance with the requirements of erst-while Section 302 of the Companies Act, 1956)

Except Mr. Deo, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Your Directors recommend these two resolutions for approval of the Members.

Item No. 7 to 11

Mr. C.L. Jain is a Non-Executive Independent Director of the Company and joined the Board on 30th October, 2006. Mr. Jain is the Chairman of the Audit Committee of the Company.

Mr. Jain is 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 and the Chartered Management Institute, London. 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. He is a Director and Member of various committees on the Board of following public limited companies:

Directorship	Chairmanship/ Membership of Committees
Chowgule Steamships Ltd.	Chairman – Audit Committee Member – Compensation Committee
RPG Life Sciences Ltd	Chairman – Audit Committee
Pioneer Distilleries Ltd.	Member – Audit Committee
Asit C. Mehta Investment Intermediates Ltd	NIL

He does not hold by himself or for any other person on a beneficial basis any shares in the Company. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Jain being eligible offering himself for appointment is proposed to be appointed as Independent Director for 5(five) consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Jain as a candidate for office of Independent Director of the Company.

Mr. N. Sankar is an Independent Director of the Company and joined the Board on 29 July 2005. Mr. Sankar is the Member of Audit Committee and Remuneration Committee of the Company.

Mr. Sankar holds a Master Degree in Chemical Engineering from Illinois Institute of Technology, Chicago, U.S.A. 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. He is a Chairman of the Sanmar Holdings Ltd., SHL Securities (Alpha) Ltd. and Sanmar Consolidations Ltd.

Mr. Sankar does not hold by himself or for any other person on a beneficial basis any shares in the Company.

In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Sankar being eligible offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years.

A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Sankar as a candidate for office of Independent Director of the Company.

Mr. Rohit Arora is an Independent Director of the Company and joined the Board on 29 July 2007. Mr. Arora is the Chairman of the Remuneration Committee and Member of Audit Committee of the Company.

Mr. Arora is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Arora has more than 25 years of working experience in business process outsourcing, investment banking and management consultancy. He is a Director and Member of various committees on the Board of following public limited companies:

Directorship	Chairmanship/ Membership of Committees
Mahle Filter Systems (India) Ltd.	NIL
Baroda Pioneer Asset Management Co.	Chairman – Audit Committee

Mr. Arora does not hold by himself or for any other person on a beneficial basis any shares in the Company. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Arora being eligible offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Arora as a candidate for office of Independent Director of the Company.

Mr. D.N. Mungale is an Independent Director of the Company and joined the Board on 26 March 2007. Mr. Mungale is the Chairman of the Investors' Grievance Committee and Member of Audit Committee and Remuneration Committee of the Company.

Mr. Mungale is B.Com LL.B., and Fellow Member of the Institute of Chartered Accountants of India. 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 Ltd. 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. He is a Director and Member of various committees on the Board of following public limited companies:

Directorship	Chairmanship/ Membership of Committees
Chowgule Steamships Ltd.	Chairman – Audit Committee
Kalpataru Ltd.	Member – Audit Committee
IL & FS Engineering and Construction Co. Ltd.	Member – Audit Committee
Mahindra & Mahindra Financial Services Ltd.	Chairman – Audit Committee
Mahindra Composites Ltd.	Member – Audit Committee
Mahindra CIE Automotive Ltd. (Mahindra Forgings Ltd.)	Chairman – Shareholders Grievance Committee
Samson Maritime Ltd.	Member – Audit Committee
Sicagen India Ltd	Member – Audit Committee
Tamilnadu Petroproducts Ltd.	NIL

Mr. Mungale does not hold by himself or for any other person on a beneficial basis any shares in the Company. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Mungale being eligible offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years.

A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Mungale as a candidate for office of Independent Director of the Company.

Mr. P.V. Bhide is an Independent Director of the Company and joined the Board on 26 October 2010.

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. He is a Director and Member of various committees on the Board of following public limited companies:

Directorship	Chairmanship/ Membership of Committees
L & T Finance Ltd..	Chairman – Audit Committee
Tube Investments of India Ltd.	Member – Audit Committee
GlaxoSmithkline Pharmaceutical Ltd.	Member – Audit Committee Member – Shareholders/ Investors Grievance Committee
Heidelberg Cement India Ltd.	Member – Audit Committee Member – Shareholders Grievance Committee
L & T Finance Holdings Ltd.	Member – Shareholders/ Investors Grievance Committee
Cholamandalam MS General Insurance Co. Ltd.	-

Mr. Bhide does not hold by himself or for any other person on a beneficial basis any shares in the Company. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Bhide being eligible offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Bhide as a candidate for office of Independent Director of the Company.

In the opinion of the Board, the above Directors fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder for their appointment as Independent Directors of the Company.

Except concerned Directors, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

This Explanatory Statement may also be treated as a disclosure under clause 49 of the Listing Agreement.

Copies of draft letters for appointment of above Directors as Independent Directors setting out the terms and conditions would be available for inspection at the Registered Office of the company during normal business hours on any working day, excluding Saturday and Sunday.

The Board recommends the above resolutions for the approval of the Members.

Item No. 12

A commission up to one per cent of the net profits of the Company computed in the manner as laid down under section 198 of the Companies Act, 1956, in each year was sanctioned for payment to the Directors of the Company by a Special Resolution passed at the Annual General Meeting held on 30 November 1964. Under the existing provisions of section 309(7) of the Companies Act, 1956, the aforesaid Special Resolution is effective for a period of five years but the same can be renewed from time to time by a Special Resolution for a further period of not more than five years. The said resolution has been renewed from time to time and it was last renewed for a period of 5 years up to 31 August 2014 at the Annual General Meeting of the Company held on 29 July 2009. It is, therefore, proposed to pass the said Special Resolution pursuant to section 197 (1) of the Companies Act, 2013 (erstwhile Section 309 (7) of the Companies Act, 1956), authorizing the payment of commission up to one per cent of the net profits of the Company as computed in the manner laid down in section 198 of the Companies Act, 2013, in each year to the Directors of the Company including ex-Directors and Alternate Directors, other than the Managing Directors and the whole-time Directors of the Company for a further period of five years from 1 September 2014.

Except Mr. S.R.Deo, all other Directors of the Company, (including Mr. C.R. Gupte, Managing Director, being related to Mr. V.R. Gupte) may be deemed to be concerned or interested in the resolution to the extent of their respective payment of commission.

Item No. 13

Pursuant to section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company are required to approve and ratify the payment of remuneration of ₹ 3,00,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to the Cost Auditors as approved by the Board of Directors in their meeting held on 30 April 2014 for the Financial Year 2014-15.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution for the approval of the Members.

Item No. 14

This resolution is being placed before the members of the Company in view of Section 180 of the Companies Act, 2013 which became effective from 12 September 2013 and further General Circular no. 04 / 2014 dated 25 March 2014 issued by the Ministry of Corporate Affairs, New Delhi which states that the approval for borrowings obtained by the Companies under erstwhile section 293(1)(d) of the Companies Act, 1956 will be sufficient compliance of the requirements of new section 180 of the Companies Act, 2013 for a period of one year from the date of notification i.e. 12 September 2013. The Company had passed resolution under erstwhile section 293(1)(d) of the Companies Act, 1956 for borrowings up to ₹ 5000 crore much earlier on 18 August 1992 and 30 December 1994 and now it is valid only up 11 September 2014. Earlier resolution passed by the Company was for the purpose of borrowings for expansion and modernization of its erstwhile Petrochemical Division. Your Board felt that the Company presently having sole business of Rubber Chemicals, the need of earlier borrowing limit of ₹ .5000 crore was not warranted and hence recommended revised limit of ₹ 1000 crore. In order to have continuity and validity of resolution passed under erstwhile Section 293(1)(d) of the Companies Act, 1956, members are requested to approve revised borrowings limits of ₹1000 crore under the new provisions of the Companies Act, 2013.

The Board of Directors recommends this resolution as Ordinary Resolution for approval of the members.

None of the Directors of the Company shall be deemed to be concerned or interested in the resolution.

Registered Office:

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

Date : 30 April 2014

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

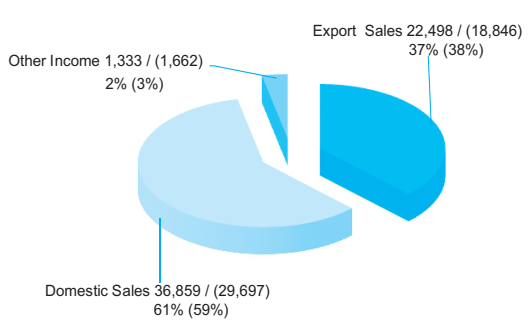
V.K.Gupte
Company Secretary

(₹ In Lakhs)

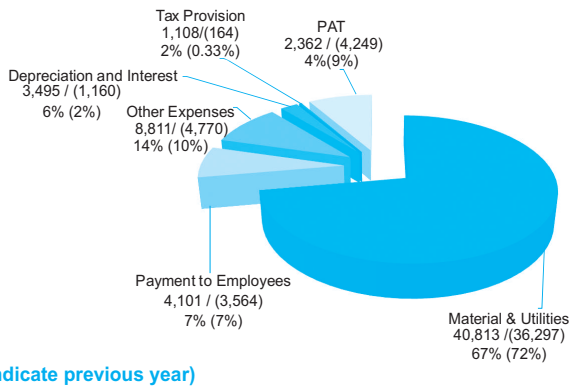
SUMMARISED FINANCIAL DATA						
Sr. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
	STATEMENT OF PROFIT AND LOSS					
1	Total Income	44,607.69	45,893.40	50,473.65	50,205.16	60,690.09
2	EBITDA	5,790.37	5,610.94	5,611.28	3,348.53	7,168.22
3	Interest	14.73	12.45	43.16	375.49	1,738.77
4	Depreciation	762.53	798.51	899.34	784.57	1,755.84
5	Profit before Exceptional Items	5,013.11	4,799.98	4,668.78	2,188.47	3,673.61
6	Exceptional Items Credit / (Debit)	0.00	0.00	22.45	2,225.00	(203.45)
7	Profit before Tax	5,013.11	4,799.98	4,691.23	4,413.47	3,470.16
8	Profit after Tax	3,402.68	3,331.82	3,399.06	4,249.02	2,361.76
9	Earning per share (EPS) ₹	2.12	2.07	2.11	2.64	1.47
10	Dividend (₹ per Share)	0.60	0.60	0.60	0.60	0.60
	BALANCE SHEET					
11	Net Fixed Assets	10,300.46	12,408.71	20,187.90	30,449.09	30,490.37
12	Investments	2,483.13	2,483.13	2,505.58	4,730.58	4,730.58
13	Other Assets (Net) *	19,850.14	18,209.88	20,826.99	16,963.48	19,402.78
14	Borrowings (including short term borrowings)	1,671.07	0.00	8,045.88	13,050.30	13,089.24
15	Share Capital	16,078.70	16,078.70	16,078.70	16,078.70	16,078.70
16	Reserves and Surplus	12,716.62	14,927.20	17,205.03	20,325.38	21,558.47
17	Total Net Worth	28,795.32	31,005.90	33,283.73	36,404.08	37,637.17
18	Deferred Tax Liabilities (Net)	2,167.35	2,095.82	2,190.16	2,688.77	3,897.32
19	Book Value per Equity Share (17/No. of shares) (Face value-₹10 per share)	17.91	19.28	20.70	22.64	23.41
20	Debt / Equity Ratio (14/17)	0.06	0.00	0.24	0.36	0.35
21	Operating EBITDA (%) (2/1)	13%	12%	11%	7%	12%
22	Profit after Tax (%) (8/1)	8%	7%	7%	8%	4%
23	Return on Net Worth (%) (8/17)	12%	11%	10%	12%	6%
24	Return on Capital Employed (%) {2/(11+12+13)}	18%	17%	13%	6%	13%

* Other Assets are net off Current & Non Current Assets less Liabilities.

Rupees Earned



Rupees Spent



(Figures in brackets indicate previous year)

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report together with the Audited Accounts of the Company for the year ended 31 March 2014.

FINANCIAL RESULTS		(₹ in crore)
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Net Revenue	596.14	488.18
Other Income	10.76	13.87
Total Income	606.90	502.05
Profit before Tax	34.70	44.13
Profit after Tax	23.62	42.49
Earnings per share (of ₹10/- each)	₹ 1.47	₹ 2.64
Proposed Dividend	9.65	9.65
Tax on Dividend	1.64	1.64

PERFORMANCE OF THE COMPANY

The year under review continued to experience challenging business conditions with the slowing down of GDP growth in India and increased competition from foreign suppliers. Our operating performance consequently, got impacted particularly in the first half of financial year 2013-14.

In line with the depressed automobile sector demand, majority of your company's customers both in the domestic as well as in the international market, undertook production cuts at periodical intervals to align their production with demand. As a result there was negligible growth in demand for Rubber Chemicals in the country. The silver lining is that, atleast some of the large economies like the US in the western world are now showing healthy trends. The Indian economy too is expected to do better in the coming year in the hope of a stable government at the centre, which should augur well for our business.

On the backdrop of these challenges, we are happy to inform you that your company achieved a growth of 6.5% in its sales volumes as compared to the previous year through sustained marketing efforts and also due to some exits/closures of a few local and international Rubber Chemical players.

The gross turnover of your Company, for the year under review, touched ₹ 643 crores as compared to ₹ 527 crores in the previous year, representing an increase of about 22%. This increase was possible due to a combination of Rupee depreciation, a change in the product mix alongwith some price corrections which were done to offset some rising input costs. While our efforts to improve our realisations continue, we are severely constrained in this regard on account of the aggressive dumping resorted to by our competitors, especially from China and Korea. This in turn has also forced the European competitors to offer similar aggressive pricing.

The production of rubber chemicals and their intermediates, for the year under review was 37,333 MT as against 33,341 MT, representing an increase of about 12% as compared to the previous year. Unfortunately, our main product (Px-13) continues to suffer due to the unrealistically low prices offered by international competitors. On the whole, our selling prices continue to be unfavourably influenced and impacted by the artificially low pricing adopted by competitors.

Our Input costs, in sync with the high crude oil and benzene prices, continued to show rising trend. While we did manage to pass on some of these increases to our customers, they were not commensurate with the increases we had to absorb.

ANTIDUMPING AND SAFEGUARD PETITION STATUS

As reported in the previous year, your company had filed the Sunset Review petition before the Directorate of Anti Dumping, Ministry of Commerce, Government of India, for reviewing the existing duties on six of its major products. In view of the continued intensified dumping, we had sought enhancement in the quantum of anti dumping duties. We are pleased to inform you that the authorities have now concluded their findings and have recommended enhancement of duties on all the products under review. Your company had also approached the Safeguards Directorate, Ministry of Finance, Government of India for the extension of safeguard duty on one of its major products. We regret to inform you that the Directorate of Safeguards have declined to extend the safeguard duty on that product.

EXPORTS

With some of our important international markets showing some signs of improvement in the second half of the current year, we registered a marginal growth in export volumes by 3%. Due to a significant proportion of high value/speciality products in our export basket as well as due to the weaker Rupee, your company managed to achieve a substantially higher export turnover of ₹ 225 crores as compared to ₹ 188 crores in the previous year. It would be worthwhile mentioning that your company has over a period successfully developed and markets a few speciality products, specifically tailored for its major international customers, due to which it enjoys a niche position. As far as the other generic products are concerned, the company enters the export segment, only out of a compulsion to optimally utilise its own capacities in the absence of sufficient orders from the domestic customers and not out of choice, since pricing in the exports market is also vitiated by the aggressive dumping resorted by the Chinese, Korean and other competitors.

DAHEJ OPERATIONS

The new plant commissioned at Dahej in Gujarat, during the end of previous year, initially witnessed certain teething problems as is expected in any chemical plant of this nature. You are aware that this plant has been built using solely inhouse technology and its performance started improving from the second half of the year under review. However the capacity utilisation of this plant was largely impacted by the very high imports of this product into the country due to the aggressive dumping resorted by the competitors. In the absence of timely imposition of suitable anti-dumping and safeguard duties by the authorities, these imports continued for the remaining part of the year as well. We are hopeful that with the recent enhancement of duties by both the above authorities, the capacity utilisation will improve and will have a significant positive impact on the performance of your company.

FINANCE & RATING

In view of high cost of inputs and the anticipated surge in its operations, your Company has sought enhancement of its working capital facilities. We are happy to inform you that all our bankers have agreed to participate with additional share of lending.

Credit Rating Agency CARE, in their recent evaluation, have re-affirmed our Long Term Credit Rating at AA- and short term borrowings rating at A1+.

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 ₹ 11.29 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 unclaimed / unpaid dividend up to FY 2005-06 have been transferred to Investor Education and Protection Fund and

unclaimed / unencashed dividend for the FY 2006-07 paid on 31 August 2007 is due for transfer to IEPF on 3 October 2014. Those members who have not yet claimed / encashed are requested to claim the same at the earliest before transfer to IEPF.

FIXED DEPOSITS

All the unclaimed fixed deposits/ unclaimed Fixed deposit warrants have 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 2014.

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

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 plant as you already know is based entirely **on i**n-house Research and was translated into a commercial venture, by NOCIL Technical and Engineering Teams.

Your Board would like to make a special mention about the excellent work that is being 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 short as well as long term benefits for the organization, which in financial terms would be significant.

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. Aneja Associates, 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 COMPANY

We wish to inform you that PIL Chemicals Private Limited, a wholly owned subsidiary of the company, recorded a Profit before Tax of ₹ 34.47 lakhs, for the year under review.

Consequent to passing of Companies Act, 2013, this wholly owned subsidiary will be converted into a public limited company. All the necessary formalities have been completed and an application has been filed with the authorities in this regard.

Pursuant to the requirements of Clause 32 of the Listing Agreement, the details of Loans/Advances made to and investments made in the subsidiary have been furnished in Notes forming part of the Accounts.

A statement (as required pursuant to Section 212 of the Companies Act, 1956) relating to the Company's interest in the Subsidiary Company 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 2014. Your Board of Directors in their meeting held on 30 May 2012 has by resolution also given consent for not attaching the Balance Sheet of the subsidiary Company for financial year 2011-12 and subsequent financial years. Shareholders interested in obtaining copies of annual reports of subsidiary company are requested to get in touch with the Office of the Company Secretary.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are prepared by your Company in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report. The financial statements have been prepared as per revised Schedule VI issued by the Ministry of Corporate Affairs.

PERSONNEL

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

Your Directors wish to thank all the employees for their continued support and co-operation during the year under review.

STOCK OPTIONS

In terms of your approval, read with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the details required to be provided under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, are set out in Annexure– I to this Report.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 (Section 134 of the Companies Act, 2013), forms a part of this Report and will be sent on demand to the shareholders. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary.

DIRECTORS

The Board of Directors in their meeting held on 18 December 2013 decided to appoint Mr S.R. Deo, Sr. Vice President (Technical) as additional director designated as Executive Director and President (Technical) from 1 January 2014 for a period of five years subject to

the applicable provisions of the Companies Act, 1956.

Pursuant to Section 152(6) of the Companies Act, 2013, Mr. H.A. Mafatlal retires by rotation at the forthcoming Annual General Meeting. Being eligible, he offers himself for reappointment.

Pursuant to Sections 149, 152 and any other applicable provisions of the Companies Act, 2013, Mr. C.L. Jain, Mr. N. Sankar, Mr. Rohit Arora, Mr. D.N. Mungale, and Mr. P.V. Bhide, have been appointed as Independent Directors to hold office for five consecutive years.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 134(5) of the Companies Act, 2013, (erstwhile Section 217 (2AA) of the Companies Act, 1956) we hereby state that:-

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the profit for the year ended on that date.
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. We have prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As required under the Listing Agreement with Stock Exchanges, reports on "Corporate Governance" and "Management Discussion and Analysis" are attached and form a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

In line with the new provisions of the Companies Act, 2013 and the rules framed there under with respect to the Corporate Social Responsibilty (CSR) which has become mandatory from financial year 2014-15. Your company has formulated a Policy on CSR and has also constituted a CSR Committee to recommend and monitor expenditure on CSR.

OTHER PARTICULARS

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in Annexure – II and forms a part of this Report.

AUDITORS

The term of M/s Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai as Statutory Auditors, expires at the conclusion of this Annual General Meeting and being eligible, they offer themselves for re-appointment. Pursuant to the new requirement of Section 139(1) of the Companies Act, 2013, the Audit Committee has recommended to the Board the re-appointment of M/s. Deloitte Haskins and Sells LLP, Chartered Accountants as Statutory Auditors of the Company for the further period of 3 years. The Auditors have given a Certificate to the effect that the re-appointment, if made, will be within the prescribed limits specified under section 141 of the Companies Act, 2013 (erstwhile Section 224(1B) of the Companies Act,1956).

COST AUDITOR

In terms of the MCA Circular No. 52/26/CAB-2010 dated 24 January 2012 and 6 November 2012, the Company is now required to carry out Cost Audit effective from 1 April 2012 and to comply the requirements, the Audit Committee has appointed M/s. Kishore Bhatia and Associates, Cost Auditors, holding Firm Registration No. 00294 to carry out Cost Audit of the Company for the financial year 2014-15 and their appointment is subject to approval of the Central Government, Ministry of Corporate Affairs, New Delhi.

The Cost Auditors have given a Certificate to the effect that the appointment, if made, will be within the prescribed limits specified under section 141 of the Companies Act, 2013.

The Audit Committee has obtained a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. The Cost Audit Report in respect of F.Y. 2013-14 will be filed on or before the due date i.e. 27 September 2014.

GREEN INITIATIVE

Your Directors would like to draw your attention to the recent Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs allowing paperless compliances and also service of notice/documents (including annual report) through electronic mode to its members. To support this green initiative of the Central Government in full measure, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holdings with their concerned depositary participants and / or with the Company.

ACKNOWLEDGEMENTS

Your Directors would like to acknowledge the continued support and co-operation from its Bankers, Government Bodies, and Business Associates which has helped the company to sustain its growth even during these challenging times..

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30 April 2014

Hrishikesh A. Mafatlal
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

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

(a)	Options granted till 31-03-2014	27,96,200
(b)	The Pricing Formula	Exercise Price shall be the market price of the equity shares of the company on the previous day of the date of grant.
(c)	Options vested till 31-03-2014	
(d)	Options Exercised	Nil
(e)	The Total number of shares arising as a result of exercise of Options.	Nil
(f)	Options Lapsed	Nil
(g)	Variation of terms of Options	None
(h)	Money realized by exercise of Options	Nil
(i)	Total number of Options in force	27,96,200
(j)	Employee-wise details of Options granted to:	
	(i) Senior Managerial personnel.	Given herein below *
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year.	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil
(k)	Diluted Earnings Per Shares (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'.	Same as basic
(l)	Impact of employee compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP.	₹ 21.35 Lakh
(m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	
	(i) Weighted average exercise price	N.A.
	(ii) Weighted average fair value (black scholes model)	N.A.
(n)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	
	Variables	
	a) Risk-free rate	N.A.
	b) Expected Life	N.A.
	c) Volatility expected	N.A.
	d) Expected Dividend	N.A.
	e) Exercise Price	₹ 25.35, ₹ 23.40, ₹ 20.60 and ₹ 16.65

Note : There are no fresh stock options granted during the year.

*Details of options granted to Senior Managerial Personnel in force at the end of the year.

Name	Designation	No of Options granted
1. Mr. C.R. Gupte	Managing Director	13,46,000
2. Mr. S.R. Deo	Executive Director and President – Technical	5,37,400
3. Mr. R.M. Gadgil	President - Marketing	5,17,400
4. Mr. P. Srinivasan	Chief Financial Officer	3,95,400
		27,96,200

Note:

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

Annexure II

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2014.

CONSERVATION OF ENERGY

a) Energy conservation measures taken in 2013-14

1. Optimisation of brine pumping system resulted in power saving of ₹ 11 lakhs annually.
2. Annual saving of ₹ 32 lakhs was achieved by optimizing steam demand and better steam management.
3. Cooling tower fan operation optimisation with sequential start up logic resulted into energy saving of ₹ 6 lakhs annually.
4. Fuel switch from liquid fuel to Natural gas continued, which has resulted in savings of ₹ 200 lakhs per annum.

b) Energy conservation measures to be taken in 2014-15

1. Optimisation of air compressor operations will result into savings of ₹ 7 lakhs.
2. Replacement of chilling compressor by energy efficient compressor will result into savings of ₹ 2 lakhs annually.
3. Installation of turbo ventilator will result into savings of ₹ 1 lakh.
4. Optimisation of chilling loads between chilled water and brine will result into savings of ₹ 9 lakhs.
5. Use of higher efficiency pumps will result into savings of ₹ 3 lakhs.

FORM - A

Disclosure of particulars with respect to conservation of energy

A		POWER AND FUEL CONSUMPTION		F.Y 2013-14	F.Y 2012-13
	1.	ELECTRICITY (FOR MANUFACTURING)			
		(a) Purchased			
		Unit	MWH	**32491.10**	23039.29
		Total amount	₹ Lakhs	**2444.46**	1808.04
		Rate/Unit (average)	₹/KWH	**7.52**	7.85
		(b) Own Generation			
		(Through Diesel Generator)			
		Unit	MWH	**176**	4
		Unit/MT of Diesel Oil	MWH	**4.41**	3.17
		Fuel Cost/Unit	₹/KWH	**16.61**	14.14
	2.	**FUEL (FOR MANUFACTURING)**			
		(a) Coal			
		Quantity	MT	**35877.05**	18914.97
		Total Cost	₹ Lakhs	**2071.95**	1176.33
		Average rate	₹/MT	**5775**	6219
		(b) Furnace Oil			
		Quantity	MT	**7.55**	468.26
		Total Cost	₹ Lakhs	**3.75**	191.37
		Average rate	₹/MT	**49685**	40869
		(c) Low Sulphur Heavy Stock (LSHS)			
		Quantity	MT	**0.00**	388.07
		Total Cost	₹ Lakhs	**0.00**	173.68
		Average Rate	₹/MT		
		(d) Piped Natural Gas (PNG)			
		Quantity	M3	**2699.33**	3491.36
		Total Cost	₹ Lakhs	**1001.76**	1043.28
		Average Rate	₹M3	**37111**	29882
B		CONSUMPTION PER UNIT OF PRODUCTION			
		Electricity	MWH/MT	**1.04**	0.85
		Fuel/LSHS	MT/MT	**0.00**	0.01
		Furnace Oil	MT/MT	**0.00**	0.02
		Coal	MT/MT	**1.14**	0.70
		Piped Natural Gas	M3/MT	**0.10**	0.13

Disclosure of particulars with respect to technology absorption, adoption and innovation

A. RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D is carried out by the company:

a) Development of a new concept, "recover and reuse", for liquid effluent to make the processes competitive and environment friendly.

b) Development of new products/process in view of the long term business sustainability. .

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

d) Adoption of latest process engineering concepts to improve the process efficiencies/product quality.

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

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

b) National and International Patents for various research work.

c) Improved waste management system.

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

3. Future Plans:

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

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

4. Expenditure on R & D

(₹ in Lakhs)

	2013-14	2012-13
Capital	**1.68**	9.75
Recurring	**311.41**	269.52
Total	**313.09**	279.27
Total R&D expenditure as % to Total turnover	**0.49**	0.53

B. TECHNOLOGY ABSORPTION

Efforts in brief made towards technology absorption

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

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

c) New adsorption technology to recover and reuse of expensive catalyst.

Benefit derived as a result of above efforts:

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Foreign exchange used	₹ in crore
i)	Raw materials, stores and spare parts, Capital goods and other products	192.73
ii)	Expenditure in foreign currency	1.55
	Foreign Exchange Earned	
	Export of goods on FOB basis, Commission and Service Charges.	222.08

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30 April 2014

Hrishikesh A. Mafatlal
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE ERSTWHILE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014.

(₹ in Lakhs)

Sr. No.	Particulars	Name of the Subsidiary Company PIL Chemicals Private Limited
1	Extent of the Holding Company's interest in Subsidiary	
	No. of Shares	83,54,833
	% of Capital	100%
2	Capital	835.48
3	Reserves	1,787.73
4	Deferred Tax Liabilities (Net)	128.96
5	Debit balance Statement of Profit and Loss	-
6	Total Assets (Fixed Assets + Investments + Current Assets)	2,834.10
7	Total Liabilities (Debts + Current Liabilites)	81.93
8	Details of Investments	
	19,900 equity shares of Bank of India of ₹10 each fully paid	8.96
	2,400 equity shares of Corporation Bank of ₹10 each fully paid	1.89
	32,000 ordinary shares of UK Stg Pd.10 each fully paid in Mafatlal Limited, U.K. (₹ 2)	0.00
	22,320 equity shares of Mafatlal Services Limited of ₹100 each fully paid (₹ 1)	0.00
	10,560 Mastershares of Unit Trust of India of ₹10 each fully paid	0.86
	50,000 units of J.M.Mutual Fund (Equity Dividend plan) of ₹10 each fully paid	5.00
	TOTAL	**16.71**
9	Income	986.49
10	Profit before Tax	34.47
11	Provision for Tax	10.83
12	Profit after Tax	23.63
13	Proposed Dividend (including Dividend Distribution Tax)	-

For and on behalf of the Board of Directors

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

Report on Corporate Governance

Company's philosophy on Corporate Governance

The Company's policy on Corporate Governance is based on the principles of full disclosure, fairness, equity, transparency and accountability in the various aspects of its functioning, leading to the protection of the stakeholders' interest and an enduring relationship with stakeholders. The management's commitment to these principles is reinforced through the adherence of all Corporate Governance practices embodied in the provisions of Clause 49 of the Listing Agreement. The Company has also adopted the Code of Conduct for the Directors and senior management personnel. The Company also has a Code for Prevention of Insider Trading for the Directors and the designated employees of the Company.

1. Policies and procedures

The Company's well-structured systems and procedures for conducting day-to-day functioning of various departments comprise the following:

i. The Company has adopted its accounting policies in line with the Accounting Standards and such other relevant guidelines as are prescribed by the Institute of Chartered Accountants of India.

ii. The Company possesses a well documented framework on risk management, which is subjected to a quarterly review by the concerned departments and a report on the status of the various risks identified in the framework is placed before the Board Meeting.

iii. The Personnel Policy Manual prescribes the policy on recruitment, perquisites, allowances, and benefits due to each employee of the Company.

iv. The Contract Policy formulates the procedure for placement of contracts by the various departments and contains standard terms and conditions for placement of orders on contractors.

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

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

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

2. Board of Directors

The Board has a Non-Executive Chairman and the number of Independent Directors are 50% of the total strength of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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

Mr. Hrishikesh A. Mafatlal, Chairman and Mr.Vishad P. Mafatlal, Director belong to the promoter group and are related to each other.

None of the Independent Director has any other material pecuniary relationship or transaction with the Company, its Promoters, its Directors, its Senior Management which, in their judgment, would affect their independence.

All Directors are professionals with respective expertise and experience in General Corporate Management Practice, Finance, Legal and Technical field. Mr. C.R.Gupte, Managing Director and Mr. V.R. Gupte, Director are related to each other. None of the Directors are related to each other, other than as stated above.

Mr. S.R.Deo, Sr. Vice President-Technical was inducted on the Board as Additional Director and designated as Executive Director and President –Technical w.e.f. 1 January, 2014.

The broad composition of the Board of Directors and other details such as their total number of Directorship / Committee membership, shareholding in the company and attendance at the Board Meetings and at the last Annual General Meeting are as under:

Sr. No.	Name of Director	Category of Director	No of Shares held as on 31-03-2014	No. of Board meetings attended during FY 2013-14	No. of Directorship in Public Companies as on 31-3-2014*	No. of Board Committee Membership held in Public Companies as on 31-3-2014**		Attendance at last AGM held on 29th July, 2013
						Chairman	Member	
1.	Hrishikesh A. Mafatlal	Chairman – Non-Executive Promoter Group Director	44930@	6	7	-	2	Yes
2.	Vishad P. Mafatlal	Non-Executive Promoter Group Director	5230@	6	6	-	1	Yes
3.	Rohit Arora	Non-Executive Independent Director	-	4	3	1	1	Yes
4.	V.R. Gupte	Non-Executive Director	600 #	6	2	-	2	Yes
5.	N. Sankar	Non-Executive Independent Director	-	3	4	-	1	No
6.	C.L.Jain	Non-Executive Independent Director	-	6	5	2	3	Yes
7.	D. N. Mungale	Non-Executive Independent Director	-	5	10	3	6	Yes
8.	P.V.Bhide	Non-Executive Independent Director	-	4	7	1	6	Yes
9.	C.R. Gupte	Managing Director.	600 #	6	1	-	1	Yes
10	S.R. Deo+	Executive Director & President- Technical	10 ##	1	1	-	-	-

@including 5030 shares as Trustee of Hrishikesh A. Mafatlal Family Trust No. 1

@including 5030 shares as Trustee of Vishad P. Mafatlal Family Trust No. 1

* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 25 companies and includes directorship in NOCIL Ltd.

** In accordance with Clause 49, Chairmanships / Memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee

of all Public Limited Companies has been considered including that of NOCIL Ltd.

Shares held as Joint holders.
Out of 10, 5 shares were held as Joint holder.
+ Appointed w.e.f. 1 January 2014

The Company has clearly defined the role, functions, responsibility and accountability of the Board of Directors. In addition to its primary role of monitoring corporate performance, the major functions of the Board comprise:

- Approving corporate philosophy ;
- Formulating strategic and business plan;
- Reviewing and approving financial plans and budgets;
- Monitoring corporate performance against strategic and business plans;
- Ensuring ethical behavior and compliance with laws and regulations;
- Reviewing and approving borrowing limits.

During the year under review six meetings of the Board were held in Mumbai on the following dates:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	30 May 2013	9	8
2	29 July 2013	9	8
3	25 September 2013	9	6
4	28 October 2013	9	8
5	18 December 2013	9	9
6	11 February 2014	10	8

The maximum gap between two Board Meetings held during the year was not more than 3 (three) months.

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the Notes are sent in advance to the Directors. Additional Meetings of the Board are held when deemed necessary by the Board.

The Fifty First Annual General Meeting was held on 29 July 2013.

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

3. Audit Committee

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows :

a. To review compliance with internal control systems;

b. To review the findings of the Internal Auditor relating to various functions of the Company;

c. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, Internal Control Systems, scope of audit and observations of the Auditors / Internal Auditors;

d. To review the quarterly, half yearly and annual financial results/ statements of the Company before submission to the Board;

e. To make recommendations to the Board on any matter relating to the financial management of the Company, including Statutory & Internal Audit Report;

f. Recommending the appointment of statutory auditors and fixation of their remuneration;

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

Mr. C.L. Jain, is the Chairman of the Audit Committee and was present at the Annual General Meeting held on 29 July 2013.

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

Name of Members	Category	No. of Meetings attended during the year 2013-14
Mr. C.L.Jain, Chairman	Independent, Non-Executive	5
Mr. N.Sankar	Independent, Non-Executive	2
Mr. Rohit Arora	Independent, Non-Executive	3
Mr. D.N.Mungale	Independent, Non-Executive	4
Mr. V.R.Gupte	Non-Executive	5

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

30 May 2013, 29 July 2013, 25 September 2013, 28 October 2013 and 11 February 2014.

The requisite quorum was present at the meetings.

Audit Committee Meetings are also attended by the Chairman, Managing Director, Chief Financial Officer and Company Secretary. The Company Secretary acts as the Secretary of the Audit Committee.

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

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

4. Share Transfer Committee

The present members of the Committee are Mr. H.A. Mafatlal, Chairman, Mr. C.R.Gupte, Managing Director, Mr. P. Srinivasan, Chief Financial Officer and Mr. V.K.Gupte, Company Secretary. Mr. H.A. Mafatlal is the Chairman of the Committee.

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

5. Investors' Grievance Committee

In view of Section 178 (5) of the Companies Act, 2013, which became effective from 1 April 2014, all listed Companies are required to constitute the Stakeholders Relationship Committee. The Board of Directors in their meeting held on 30 April 2014, changed the nomenclature of its existing Investors' Grievance Committee to "Stakeholders Relationship and Investors' Grievance Committee"

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

The Company received 8 complaints from shareholders in Financial Year 2013-14 and all the complaints were resolved to the satisfaction of the investors.

Mr. V.K.Gupte, Company Secretary, is Compliance Officer.

6. Remuneration Committee

In view of Section 178 (1) of the Companies Act, 2013, which became effective from 1 April 2014, all listed Companies are required to constitute the Nomination and Remuneration Committee. The Board of Directors in their meeting held on 30 April 2014, changed the nomenclature of its existing Remuneration Committee to Nomination and Remuneration Committee.

The broad terms of reference of the Remuneration Committee are as follows :

a. Appointment / re-appointment of Managing Director / Executive Director

b. Review the performance of the Managing Director / Executive Director after considering the Company's performance.

c. Recommend to the Board remuneration including Salary, Perquisites and Performance Bonus to be paid to the Company's Managing Director / Executive Director.

d. Review of the Remuneration Policy of the company in line with market trends to attract and retain the right talent.

e. Review and approval of revision in remuneration of Top Management Executives of the Company.

f. Grant of Employees Stock Options to Designated Employees.

The Composition of the existing Remuneration Committee is as follows and all members attended the meeting held on 18 December 2013:

Name of Members	Category
Mr. Rohit Arora, Chairman	Independent, Non-Executive
Mr. N.Sankar	Independent, Non-Executive
Mr. D.N.Mungale	Independent, Non-Executive

Remuneration Policy

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

1. Responsibilities and performance of the Senior Management Executives.
2. Present Employment Scenario.
3. Remuneration package of the industry to which Company belongs to and that of other Industries.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. In terms of the Shareholders' approval obtained at the Annual General Meeting held on 29 July 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 309(5) of the Companies Act, 1956. The distribution of Commission amongst the NEDs is placed before the Board and distributed equally to NEDs

7. Remuneration to Directors

(₹ in Lakhs)

Name of the Director	Salary, Allowances & Perquisites	Contribution to Funds	Total
Mr. C. R. Gupte Managing Director	164.14	25.83	189.97
Mr. S.R. Deo Executive Director & President-(Technical)#	25.49	3.59	29.08

#(Proportionate for 1 January 2014 to 31 March 2014.)

During the financial year 2013-14 no Stock Options were granted to Mr. C.R. Gupte and Mr. S.R. Deo. The erstwhile Remuneration Committee in their meeting held on various dates so far granted in aggregate 13,46,000 Stock Options to Mr. C.R.Gupte, Managing Director, and 5,37,400 Stock Options to Mr. S.R.Deo, Executive Director and President (Technical) under Employees Stock Options Scheme. Stock Options are issued at exercise price being the closing price

of equity shares on Bombay Stock Exchange for the previous day of date of grant. The exercise period would commence one year from the date of grant and will expire on completion of ten years from the date of grant of options. Till date, Mr. C.R.Gupte and Mr. S.R. Deo have not exercised any Stock Option.

The appointment of the Managing Director is for a period of five years from 1 August 2010 and Executive Director and President - Technical is for a period of five years from 1 January 2014 and may be terminated by either party giving six months notice in writing or the Company paying six months salary in lieu thereof.

Commission / Sitting Fees to Non-Executive Directors for the financial year 2013-14 for attending Board and Committee Meetings.

(₹ In Lakhs)

Name of the Director	Sitting Fees	Commission*	Total
Hrishikesh A. Mafatlal	0.60	4.50	5.10
Vishad P. Mafatlal	0.60	4.50	5.10
Rohit Arora	0.80	4.50	5.30
V.R. Gupte	1.10	4.50	5.60
N. Sankar	0.60	4.50	5.10
C.L.Jain	1.10	4.50	5.60
D. N. Mungale	1.00	4.50	5.50
P.V.Bhide	0.40	4.50	4.90
Total	**6.20**	**36.00**	**42.20**

* On accrual basis

8. Means of communication

The Board takes on record the unaudited quarterly financial results in the format prescribed by Clause 41 of the Listing Agreement with the stock exchanges within prescribed time limit from the closure of the quarter and announces the results to all the stock exchanges where the shares of the Company are listed. The quarterly unaudited financial results are also published in the Economic Times and Maharashtra Times within 48 hours of the conclusion of the meeting of the Board in which they are approved.

I. The quarterly results are submitted to the Statutory Auditors of the Company for a limited review and the report of the Auditors is also filed with all stock exchanges after it is approved by the Board of Directors.

II. The quarterly results are not sent to each shareholder as shareholders are intimated through press.

III. The Company's website **www.nocil.com** provides information about the Company to its existing and prospective stakeholders. The quarterly results are displayed on the Company's website along with other relevant information.

IV. In line with the Listing Agreement the Company has created a separate e-mail address viz. investorcare@nocilindia.com to receive complaints and grievances of the investors.

9. Management Discussion and Analysis forms a part of this Annual Report

10. Compliance Officer

Mr. V.K. Gupte, Company Secretary is the Compliance Officer of the Company.

11. General Meetings

The venue and timings of the last three Annual General Meetings are given below:

Financial year	Date	Location	Time
2010 -11	27 July 2011	Patkar Hall, Mumbai	4.00 p.m.
2011- 12	31 July 2012	Rama Watumull Auditorium, Mumbai	4.00 p.m.
2012- 13	29 July 2013	Rama Watumull Auditorium, Mumbai	2.30 p.m.

No special resolutions were passed during the last three Annual General Meetings held on 27 July 2011, 31 July 2012 and 29 July, 2013. No Special Resolution was passed during last year through Postal Ballot.

12. Disclosures

A. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the management, their subsidiaries or relatives etc. who may have potential conflict with the interests of the Company at large:

- The Company does not have any related party transaction, which may have potential conflict with the larger interests of the Company. The disclosures of transactions with the related parties entered into by the Company in the normal course of business are given in the Notes to Accounts.

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years:

- There were no instances of non-compliance of any matter related to the capital markets during the last three years and the Company has complied with the requirements of regulatory authorities on capital markets.

C. Details of compliance with mandatory requirements:

- All the mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company.
- Further the Company has complied with the provisions of Remuneration Committee which forms part of non-mandatory requirements as specified in Annexure I D of the clause 49.

13. Declaration of compliance with the Code of Conduct / Ethics:

In compliance with SEBI's regulation on Prohibition and Prevention of Insider Trading, the Company has formulated a Code of Conduct for prohibition and prevention of Insider Trading for its designated employees. The code lays down Guidelines and procedures to be followed and disclosures to be made while dealing with equity shares of the company.

All the Directors and Senior Management have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board of Directors.

14. General shareholders' information

i) Registered Office : Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Mumbai –400 020.

ii) Annual General Meeting:

Date and time : 30 June 2014 at 2.30 p.m.

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

iii) Financial Year of the Company

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

Financial reporting for FY 2014-15 (Indicative) :

Quarter ending on June 2014	:	31 July 2014
Half year ending on September 2014	:	Early November 2014
Quarter ending on December 2014	:	end of January 2015
Year ending on March 2015	:	end of April/May 2015
Annual General Meeting (2014-15)	:	end of July, 2015

iv) Date of book closure

Monday, 23 June 2014 to Tuesday, 30 June 2014

(both days inclusive)

v) Dividend Payment Date

On 3 July 2014 (If declared at forthcoming Annual General Meeting)

vi) Listing of Equity Shares on Stock Exchanges and Stock Code

Equity shares of the Company are listed on

1.	Bombay Stock Exchange Limited	(Stock Code: 500730)
2.	National Stock Exchange of India Limited	(Stock Code: NOCIL)

The Company has paid the Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Ltd for FY 2014-15.

vii) Demat information

The shares of the Company were brought under compulsory demat mode with effect from 29 May 1999. As on 31 March 2014 about 96.88 % shareholding representing 155765525 shares of the Company has been converted into demat form. The Company has executed agreements with both NSDL and CDSL for demat of its shares.

ISIN numbers in NSDL and CDSL for equity shares	INE 163A01018

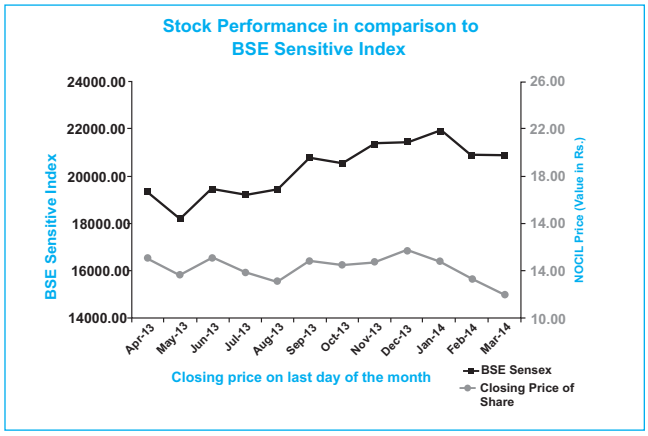
viii) Stock market data

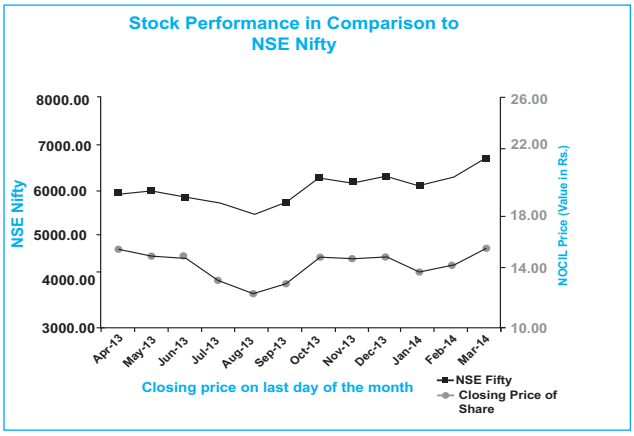
The monthly high / low quotation of shares traded on Bombay Stock Exchange and National Stock Exchange is as follows:

(Figures in ₹)

Bombay Stock Exchange Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	High	Low	Month	High	Low
April, 2013	16.25	14.00	April, 2013	16.25	14.00
May, 2013	16.40	14.85	May, 2013	16.30	14.80
June, 2013	15.25	13.35	June, 2013	15.30	13.55
July, 2013	15.99	12.80	July, 2013	15.85	12.75
August, 2013	13.70	12.10	August, 2013	13.80	12.05
September, 2013	13.65	12.00	September, 2013	13.65	12.10
October, 2013	15.35	12.76	October, 2013	15.30	12.80
November, 2013	15.50	14.01	November, 2013	15.50	14.00
December, 2013	16.10	13.25	December, 2013	16.10	13.70
January, 2014	16.49	13.80	January, 2014	16.45	13.75
February, 2014	14.70	13.50	February, 2014	14.70	13.40
March, 2014	15.75	14.00	March, 2014	15.80	13.95

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





x) Registrar and Share Transfer Agents :

M/s Sharepro Services (India) Pvt. Ltd. act as Registrar and Transfer Agents for the Company. M/s. Sharepro Services has a dedicated management team comprising professionally qualified managers, headed by Mr. G.R. Rao who is a qualified Company Secretary possessing 32 years experience in handling the share transfer work. The organization has a proven track record and is committed to maintain quality of service of the highest standards. Sharepro Services has demonstrated high volume handling capacity with a commendable flexibility to quickly upgrade the capacity at a short notice.

xi) Distribution of shareholding as on 31 March 2014

No. of Equity shares held	No. of share-holders	% of share-holders	No. of shares held	% of shareholding
Up to 500	101681	80.39	18385372	11.44
501 to 1000	13229	10.46	11288061	7.02
1001 to 2000	5923	4.68	9374560	5.83
2001 to 3000	1961	1.55	5111012	3.18
3001 to 4000	855	0.68	3133758	1.95
4001 to 5000	882	0.70	4267516	2.65
5001 to 10000	1111	0.88	8498931	5.28
10001 and above	842	0.66	100727770	62.65
Total	126484	100.00	160786980	100.00

xii) Shareholding pattern as on 31 March 2014

Sr No.	Category	No. of shares held	% of shareholding
1	Indian Promoters	58951779	36.66
2	Mutual funds	10920	0.01
3	Banks, financial institutions, insurance companies, etc.	7129177	4.43
4	NRI's / OCBs / FIIs	1879799	1.17
5	Private corporate bodies	17858588	11.11
6	Indian public	74956717	46.62
	Total	160786980	100.00

xiii) Outstanding ADRs/GDRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

The company has not issued any ADRs/GDRs/Warrants or any Convertible instruments.

xiv) Plant location

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

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

xv) Address for Investor correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend, interest and any other query relating to the shares of the Company, please write to:

Sharepro Services (India) Pvt. Ltd.,
13 A-B,Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai – 400 072.
Telephone Nos : 022-6772 0300, 67720400
Fax nos : 022-28591568 / 28508927
Email : sharepro@shareproservices.com

Investors' Relation Centre
912, Raheja Centre, 9th floor,
Free Press Journal Road,
Nariman Point, Mumbai – 400 021.
Telephone No. : 022-66134700
Fax No. : 022-22825484

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of amended clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2014.

Place : Mumbai
Date : 30 April 2014

C.R.Gupte
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of NOCIL Limited

1. We have examined the compliance of conditions of Corporate Governance by NOCIL Limited (the Company) for the year ended on 31 March 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No. 117366W-100018)
A B Jani
Partner
(Membership No. 46488)

Place : Mumbai
Date : 30 April 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

The economic activity in the country was at a low key during the year, as GDP growth slowed down to around 5% for the year. However some signs of improvements though minor are visible since the last quarter. The outlook, particularly post elections, seems more promising than the year under review.

Crude oil prices as in the past few years, continue to remain at high levels. India being dependant on large imports of crude oil, experienced an adverse impact in case of both, economic growth as well as currency management. Rupee experienced huge depreciation vis-a-vis US Dollar and other major currencies in the first half of the financial year, which continued till the third quarter of the year. During these volatile times, Rupee dipped close to Rs.70 per US$. Some correction did take place in the last quarter on account of high forex inflows into the country on the back of the upswing in the equity markets.

The uncertain political scenario also compounded the problems further. This not only resulted in hampering the Industrial growth in India for the second consecutive year but also ensured that there were no major capital investments. Needless to mention, this had a direct impact on the consumer demand. Automobile sector being one of the key sectors of the economy, was badly affected. Your company being a second stage supplier to the Auto sector faced all these challenges in substantial measure.

On the positive side, some of the major economies like the US and Japan have started showing some encouraging trends during the last few quarters. It is expected that the formation of the new Indian Government post elections, at the centre, is expected to give some boost to the manufacturing sector which in turn would show some improvement in overall demand pattern.

Rubber Chemicals Industry

Rubber chemicals find their application in rubber based industries such as Tyres, Tubes and various other rubber products. Although these chemicals form a very small component in the consuming industry, they are a very critical component from the application angle. The demand for rubber chemicals is primarily dependent on the performance of the overall rubber industry. One of the major rubber based industry viz. the tyre industry, is directly dependant on the Automotive Sector. Performance of the Rubber Chemicals industry is therefore, largely dependent on the performance of the Tyre and automobile industry.

In view of the overall global slow-down, and its corresponding impact on Automobile / Tyre Industry, the overall rubber chemicals business, continued to experience challenging business conditions during the year. At the same time, the high petrochemicals input costs contributed to the continued high cost of production for Rubber Chemical manufacturers. However, in view of the supply demand mismatch, some players, more particularly from China/ Korea absorbed these costs and offered artificially low prices to customers; not surprisingly, others from EU had to follow suit. Some of these commercial decisions of the Chinese/Korean manufacturers to indulge in such loss making business propositions are beyond comprehension. One reason for this could be, certain incentives given by their governments in the form of high direct and indirect subsidies, in addition to artificially managed weak currency regime.

Unable to withstand this aggression, some of the prominent global players have exited and some others have started announcing their restructuring/ exit plans from the field of rubber chemicals over the last 2-3 years. This was expected to happen in a scenario where, the supply exceeds demand and some players with a short term objective of monopolising the market, start offering prices totally inconsistent with the actual cost of production.

Industry Structure and Developments

Besides your company, there are only a couple of manufacturers in India who participate with only a partial range of rubber chemicals. There is some presence in the EU and quite a few players in China and one in South Korea. Most of these overseas players participate in the Indian market quite aggressively.

Your company being an established player, enjoys a special status due to its excellent track record on both, quality and dependability front. The business model adopted by your Company is to participate in all segments of the rubber industry with practically a full product slate. This by itself is a good risk management strategy and has served it well over time through various ups and downs in the market place.

Business Outlook: Opportunities and threats

Opportunities:

The continued low natural and synthetic rubber prices will create an opportunity for the entire rubber industry to forge forward aggressively and to improve upon their presence in various markets. This in itself is a major positive for improving demand for rubber chemicals. Your Company, with its wide participation can derive substantial advantage in these conditions.

The recent positive signs emerging from the western world, augur well for our international business more particularly for some of the specialised products strategically earmarked for export markets. The gradual realignment of supply and demand due to restructuring / exits from rubber chemicals business, by certain prominent players, have also ensured that there is a greater awareness amongst customers of the need for stable and quality suppliers. Your Company, being one such acknowledged player, stands to gain from this recent awareness.

Two of your company's international tyre customers have started operations in India during the year. With long standing relationship in place with these customers, we enjoy the privilege of being a supplier of choice to them.

The recent final findings issued by the Directorate of Anti Dumping, in relation to our Sunset Review Petition, gives your Company an opportunity to address the issue of serious dumping faced by it for quite some time. This will consequently help in improving its operating margins in the coming year. This will also help in the improvement of capacity utilization of company's Dahej Plant, which in turn will help in optimising the cost of production there.

The findings issued by the Directorate of Safeguards, though not in favour of your company, have however addressed and stressed on the important point that the continued imports into India of your company's main product, are a threat and are causing a serious injury to the performance of the said product in the Indian market.

Threats:

Despite some of the positive signs, the overall state of the global economy remains fragile and volatility, driven by economic and political factors is likely to be high.

The uncertain political climate, the weakness in the automobile sector, the threat of policy inertia due to the exigencies of coalition government etc. remain possibilities that could keep demand from bouncing back to healthy levels. Any delays in notifying the much deserved protection from dumping of Rubber chemicals in to India could have adverse effects on our performance. Our raw material prices continue to be at high levels and at least as of now, are not showing any signs of improving. Sentiment-driven fluctuations in currency rate could impact product pricing and margins, both in domestic as well as export markets.

RISKS AND CONCERNS:

The continued dumping of low priced chemicals from China, Korea and Europe along with delays, if any, in imposition of the enhanced Anti Dumping duties are the major concern areas for the business.

Volatility in raw material prices & foreign- exchange rates could also adversely affect the margins.

Operating Performance & Financial Performance for the Year

The prices of practically all the major inputs of your company continued to be at high levels. Due to the aggressive dumping resorted to by the Chinese/Korean/European Manufacturers, your Company too had to occasionally cut down the production of certain key products

The Rupee depreciation also enabled the company to improve its domestic prices of some of our products in the second half of the year.

(₹ in Crore)

Particulars	F.Y 2013-14	F.Y 2012-13
Net Revenues	596.14	488.18
Other Income	10.76	13.87
Total Income	606.90	502.05
EBIDTA	71.68	33.49

During the year under review, the Company achieved a profit before tax of ₹34.70 crores as compared to ₹ 44.13 crores in 2012-13. The performance for the year should be viewed in the context of higher depreciation, interest and establishment costs consequent on setting up of Dahej operations site.

With our overall consistent operating performance, coupled with well managed liquidity position, the Company's rating was reaffirmed for Long Term borrowing facilities to CARE AA- and reaffirmed for the highest rating in the Short Term Category as CARE A1+. The Working capital facilities for both the manufacturing units were tied up during the previous year itself.

Internal control systems

The Company has in place, adequate internal control systems and procedures covering all the financial and operating functions. These have been designed to provide adequate assurance to the management regarding compliance with the accounting standards by maintenance of appropriate accounting records, monitoring the economy and efficiency of operations, protecting the assets of the Company from losses and ensuring the reliability of financial and operational information through proper compliance with the statutory enactments and its rules and regulations. Some of the significant features of the internal control systems and procedures are as follows:

- Appropriate delegation of authority limits with responsibility for incurring capital and revenue expenditures.
- Approval and monitoring of annual revenue budget for all operating and service functions.
- Procedure for approval of capital budget proposals and monitoring the expenditure on such acquisitions.
- Formulating and reviewing the annual and long-term business plans.
- A comprehensive code of conduct for ensuring the integrity of financial reporting, ethical conduct, regulatory compliances and conflict of interest, if any.
- Review of the operations and financial plans in key business areas through monthly management meetings.
- Appointment of an independent consultant for conducting internal audit for reporting to the management and the Audit Committee of the Board, the adequacy and compliance with the internal controls and the efficiency and effectiveness of operations.
- A robust ERP system (SAP) connecting Plant, Regional Sales Offices and Head Office enables integrity of data and flow of MIS.

The Audit Committee of the Board of Directors, regularly reviews the findings of the internal auditors, adequacy of internal controls, compliance with the accounting standards, as well as recommends to the Board the adoption of the quarterly and annual results of the Company and appointment of auditors. The Audit Committee also reviews the related party transactions, entered into by the Company during each quarter.

Material developments in human resources

In view of the severe shortage of skilled human resources prevailing in the country, our focus during the year continued on enhancing capabilities of our existing workforce. In order to ensure high employee motivation and confidence level which would enable the company to face the current challenges and seize future opportunities, various initiatives were taken. Some of the initiatives undertaken were of continual nature. In some cases, employee retention in the form of Service Bond with a suitable monetary compensation at the end of the tenure of the service was extended to new recruits with good educational background across the organisation. Incentives are also offered to young employees in terms of differed bonus. The system of suggestion awards is an illustration. Further, in order to encourage and promote scholastic achievement of the children of the employees, awards alongwith appreciation certificates are regularly given year after year.

Regular and detailed performance appraisal system is in place to evaluate the performance of all the employees and necessary steps are taken to strengthen the areas in which they need improvement. The company undertakes regular training programmes for development of employee skills.

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

The Company complies with all regulations pertaining to Safety and continues to have an excellent track record in the area of Safety. The main objective is to achieve zero accident/incident and safe working environment. Regular programmes are therefore held on safety awareness, fire fighting and first aid, apart from other development programmes.

The Company had 266 management employees at Thane and Dahej, including trainees, and 169 non-management employees across its locations towards the close of the financial year under review. Industrial relations remained cordial during the year.

Cautionary Statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, fluctuating in forex rates, changes in Government regulations, tax regimes, economic developments within India and the countries in which business is conducted, and other incidental factors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOCIL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of NOCIL Limited (the Company), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).
   (e) On the basis of the written representations received from the directors as on 31 March 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A B Jani
Partner
(Membership no: 46488)

Place : Mumbai
Date : 30 April 2014

Annexure to the Independent Auditors' Report

Re: NOCIL Limited

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

i. Having regard to the nature of the Company's business/ activities/results during the year, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company for the year.

ii. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
   c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii. In respect of its inventories:
   a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, except for inventories lying with third parties where confirmations of inventories held by such third parties have been received.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. .

iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 and accordingly sub clauses (a) to (g) of clause (iii) of paragraph 4 of the Order are not applicable.

v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit we have not observed any major weakness in such internal control system.

vi. In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a) The particulars of the contracts or arrangements referred to in section 301 that needed to be entered into the register, maintained under the said section have been so entered.

b) Where each of such transaction is in excess of Rs.5 lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time..

vii. The Company has not accepted any deposit from the public during the year.

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

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

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

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income-tax, Wealth-tax, Sales tax, Service tax, Customs duty, Excise duty, Cess, and any other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income-tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited as on 31 March 2014 on account of disputes are given below:

(₹ In Lakhs)

Name of Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Sales Tax	5.65	2001-2002, 2004-05	Assistant Commissioner Appeals
		29.45	2008-09	Commissioner Appeals
		358.71	1995-1999, 2003-04	Appellate Tribunal
The Custom Act,1962	Custom Duty	2.05		Office of the Superintendent Customs
		8.10	1991-1996, 1997-99	Commissioner Appeals
The Central Excise Act,1944	Excise Duty	5.20	1997-99	Commissioner Central Excise
		50.43	1992, 1997, 2001-02	CESTAT

xi. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and in the immediately preceding financial year.

xii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.

xiii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by the way of pledge of shares, debentures and any other securities.

xiv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

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

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

xvii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to company covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which, in our opinion, is prima facie not prejudicial to the interest of the Company.

xviii. The Company has not issued any debentures during the year.

xix. The Company has not raised any money by way of public issue during the year.

xx. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A B Jani
Partner
(Membership no: 46488)

Place : Mumbai
Date : 30 April 2014

BALANCE SHEET AS AT 31 MARCH 2014

(₹ in Lakhs)

	Note No.	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	16,078.70	16,078.70
(b) Reserves and surplus	3	21,558.47	20,325.38
(2) Non-current liabilities			
(a) Long-term borrowings	4	7,183.33	9,316.67
(b) Deferred tax liabilities (net)	29	3,897.32	2,688.77
(c) Long term provisions	5	1,149.65	1,179.56
(3) Current liabilities			
(a) Short-term borrowings	6	5,905.91	3,733.63
(b) Trade payables	7	12,409.93	7,145.74
(c) Other current liabilities	8	4,081.13	4,355.74
(d) Short-term provisions	9	1,381.07	1,372.58
TOTAL		**73,645.51**	**66,196.77**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		29,703.15	29,559.47
(ii) Intangible assets		505.00	545.54
(iii) Capital work-in-progress		282.22	344.08
(b) Non-current investments	11	4,730.58	4,730.58
(c) Long term loans and advances	12	4,575.79	5,186.24
(2) Current assets			
(a) Inventories	13	15,988.28	11,543.95
(b) Trade receivables	14	14,771.86	11,086.61
(c) Cash and cash equivalents	15	1,499.91	1,176.44
(d) Short-term loans and advances	12	1,561.46	1,982.88
(e) Other current assets	16	27.26	40.98
TOTAL		**73,645.51**	**66,196.77**
Significant accounting policies	1		
See accompanying notes 1 to 40 forming part of the financial statements.			

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
I	Revenue from operations (Gross)	17	64,579.16	52,960.56
	Less: Excise Duty		4,964.77	4,142.77
	Revenue from operations (Net)		59,614.39	48,817.79
II	**Other Income**	18	1,075.70	1,387.37
III	**Total Revenue**		**60,690.09**	**50,205.16**
IV	**Expenses**			
	(a) Cost of materials consumed	19.a	35,342.95	30,337.71
	(b) Purchases of stock-in-trade	19.b	408.35	279.96
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19.c	(849.15)	951.86
	(d) Employee benefits expense	20	4,101.33	3,564.22
	(e) Finance costs	21	1,738.77	375.49
	(f) Depreciation and amortisation expense	10	1,755.84	784.57
	(g) Other expenses	22	14,518.39	11,722.88
	Total expenses		**57,016.48**	**48,016.69**
V	**Profit before exceptional items and tax (III-IV)**		3673.61	2188.47
VI	Exceptional item			
	- Reversal of diminution in value of investment	11	-	2,225.00
	- Voluntary retirement scheme expenses	39	(203.45)	-
VII	**Profit before tax (V+VI)**		3470.16	4413.47
VIII	**Tax expense:**			
	(a) Current tax expense		713.90	796.00
	(b) (Less): MAT credit		(713.90)	(796.00)
	(c) (Excess) provision for tax relating to prior years		(100.15)	(334.16)
	(d) Deferred tax		1,208.55	498.61
	Net tax expense		1,108.40	164.45
IX	**Profit for the year (VII-VIII)**		**2,361.76**	**4,249.02**
X	**Earnings per equity share (of ₹ 10/- each) :**	30		
	(a) Basic (in ₹)		1.47	2.64
	(b) Diluted (in ₹)		1.47	2.64
Significant accounting policies		1		

See accompanying notes 1 to 40 forming part of the financial statements.

In terms of our report attached. For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**3,470.16**	**4,413.47**
Adjustments for :		
Depreciation	1,755.84	784.58
Reversal of diminution in value of investment (refer note 11)	-	(2,225.00)
Obsolete fixed assets written off	27.07	-
Loss on sale of fixed assets (net)	0.69	1.68
Income from Long term investments	(113.69)	(477.94)
Interest on Deposits, overdue receivables and others	(894.53)	(882.42)
Unrealised foreign exchange flucuation	11.66	(3.02)
Finance costs	1,738.77	375.49
	2,525.81	**(2,426.63)**
Operating profit before working capital changes	**5,995.97**	**1,986.84**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(4,444.33)	(152.44)
Trade receivables	(3,685.26)	(1,128.82)
Short term loans and advances	421.42	(276.06)
Long term loans and advances	1,077.08	(280.36)
Other current assets	13.72	(30.91)
Trade payables	5,264.19	868.27
Other current liabilities	174.93	130.25
Long term provisions	(29.91)	(643.45)
Short term provisions	8.49	81.63
Earmarked bank account - unpaid dividend account	(7.83)	(20.68)
	(1,207.50)	**(1,452.57)**
Cash generated from operations	4788.47	534.27
Taxes paid	(338.06)	(298.97)
Net cash generated from operating activities	**4,450.41**	**235.30**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets	(2,811.07)	(9,114.15)
Sale proceeds of fixed assets	0.40	2.75
Interest received	894.53	882.42
Dividend received	113.69	477.94
Net Cash used in investment activities	**(1,802.45)**	**(7,751.04)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
(Repayments) / Proceeds from long-term borrowings	(1,633.33)	3,450.00
Proceeds from short-term borrowings	2,172.28	3,187.75
Finance costs	(1,738.77)	(375.49)
Dividend paid	(956.89)	(944.04)
Dividend tax paid	(163.95)	(156.51)
Net cash generated (used in) / from financing activities	**(2,320.66)**	**5,161.71**
Net increase / (decrease) in cash and cash equivalents	327.30	(2,354.03)
Opening balance of cash and cash equivalents	1,051.16	3,402.17
Unrealised foreign exchange fluctuation on exchange earners foreign currency (EEFC) account	**(11.66)**	**3.02**
Closing balance of cash and cash equivalents	1,366.80	1,051.16
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Closing balance of cash and cash equivalents (As per Note 15)	1,499.91	1,176.44
Less :Balance in Earmarked accounts (Unpaid Dividend accounts)	133.11	125.28
Cash and Cash Equivalents considered for Cash Flow	**1,366.80**	**1,051.16**

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

CORPORATE INFORMATION

NOCIL Limited (the Company) was incorporated on 11 May 1961, and is engaged in manufacture of rubber chemicals. The Company has manufacturing facilities at Navi Mumbai (Maharashtra) and at Dahej (Gujarat). The products manufactured by the Company are used by the tyre industry and other rubber processing industries.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation of financial statements

The financial statements have been prepared to comply with the accounting principles generally accepted in India, the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

b. Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialize.

c. Fixed Assets

(i) Tangible Assets

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the assets are put to use.

(ii) Intangible Assets:

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

d. Depreciation

(i) Depreciation on tangible fixed assets is provided on the Straight Line Method at the rates and in manner prescribed under Schedule XIV to the Companies Act, 1956.

(ii) Leasehold land is depreciated on straight line basis over the period of lease.

(iii) Intangible assets are amortised over their estimated useful life of 10 years

(iv) Assets costing ₹ 5000/- or less are fully depreciated in the year of purchase.

e. Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets" when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

f. Leases

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss on a straight-line basis over the lease term.

g. Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value.

h. Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprise all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the absorption costing method.

Excise Duty related to finished goods is included under changes in inventories of finished products and work-in-progress (Note 19.c).

i. Employee Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined Contribution Plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefits Plans

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

Actuarial Gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

j. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected.

Foreign currency denominated assets and liabilities (monetary items) are translated into the reporting currency at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognized in the Statement of Profit and Loss.

k. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

l. Revenue recognition

Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax recovered. Excise duty related to sales turnover is presented as a reduction from gross sales

Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

m. Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred income tax reflect the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets, in case there are unabsorbed depreciation and losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

n. Earnings Per Share

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

o. Employee Share based payments

The Company has constituted an Employee Stock Option Plan 2008. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India

p. Cash Flow statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand, balance in current accounts and unencumbered demand deposits with banks.

q. Provisions and contingencies

A provision is recognised when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any, are disclosed in the notes to the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number of shares	₹ In Lakhs	Number of shares	₹ In Lakhs
NOTE 2 : SHARE CAPITAL				
(a) Authorised				
Equity Shares of the par value of ₹10 each	1,200,000,000	120,000.00	1,200,000,000	120,000.00
(b) Issued and Subscribed				
Equity Shares of ₹ 10 each fully paid up	16,07,86,980	16,078.70	160,786,980	16,078.70

(c) Rights, preferences and restrictions attached to Equity shares

The company has a single class of equity shares. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(d) Shareholders holding more than 5% equity shares in the Company are set out below:				
Mafatlal Industries Limited				
No. of shares	2,30,36,469		-	
% Holding	14.33		-	
Mishapar Investments Limited				
No. of shares	-		1,05,36,300	
% Holding	-		6.55	
Arvi Associates Private Limited				
No. of shares	1,04,68,026		10,468,026	
% Holding	6.51		6.51	
(e) No. of shares reserved for issuance as employee stock options (Refer note 31)	27,96,200		27,96,200	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Account		
As per last Balance Sheet	450.92	450.92
(c) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(d) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	14,994.46	11,874.11
Add: Profit for the year	2,361.76	4,249.02
Less: Appropriations :		
Proposed dividend on Equity Shares (₹ 0.60 per share)	964.72	964.72
Corporate dividend tax	163.95	163.95
Closing balance	16,227.55	14,994.46
TOTAL	**21,558.47**	**20,325.38**
NOTE 4: LONG-TERM BORROWINGS		
Secured term loans from banks (refer note 8)	7,183.33	9,316.67
TOTAL	**7,183.33**	**9,316.67**
Details of security		
a) First pari passu charge on all moveable and immoveable fixed assets of the company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the company, both present and future.		
Terms of Repayment and maturity with respect to the Balance Sheet date		
Repayable in 20 / 21 equal quarterly instalments commencing from Financial Year 2013-14		
NOTE 5: LONG-TERM PROVISIONS		
For employee benefits (refer notes 8 and 9)	1,090.33	1,120.24
For Customs duty		
As per last balance sheet	59.32	727.55
Less: Provision no longer required	-	668.23
	59.32	59.32
TOTAL	**1,149.65**	**1,179.56**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 6: SHORT-TERM BORROWINGS (SECURED)		
From Banks:		
Working Capital Loans	3,355.91	3,433.63
Packing credit loan	2,550.00	300.00
TOTAL	**5,905.91**	**3,733.63**
Details of Security		
First pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
Terms of Repayment		
Repayable on demand		
NOTE 7: TRADE PAYABLES (REFER NOTE 37)		
Trade payables:		
Acceptances	3,428.60	2,132.80
Other than Acceptances	8,981.33	5,012.94
TOTAL	**12,409.93**	7,145.74
NOTE 8: OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term loans from banks (refer note 4)	2133.33	1633.33
(b) Current liability for employee benefits	183.59	243.07
(c) Interest accrued but not due on borrowings	100.37	90.01
(d) Unclaimed dividends	133.11	125.28
(e) Other payables		
(i) Statutory remittances	886.36	656.63
(ii) Trade/security deposits received	181.14	184.14
(iii) Creditors for capital projects	442.17	1,399.54
(iv) Advances from customers	21.06	23.74
TOTAL	**4,081.13**	**4,355.74**
NOTE 9: SHORT-TERM PROVISIONS		
(a) Provision for employee benefits	252.40	243.91
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	163.95	163.95
TOTAL	**1,381.07**	**1,372.58**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

NOTE 10: FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block
	As at 1 April 2013	Additions	Deductions / Adjustment	As at 31 March 2014	As at 1 April 2013	For the year	Deductions	Adjustments	As at 31 March 2014	As at 31 March 2014
Tangible Assets										
Leasehold Land	931.65	-	-	931.65	4.71	9.97	-	-	14.68	916.97
	(16.35)	*(915.30)*	-	*(931.65)*	*(3.84)*	*(0.87)*	-	-	*(4.71)*	*(926.94)*
Buildings (a) Own use	7,976.09	270.65	40.29	8,206.45	415.97	235.01	-	13.90	637.08	7,569.37
	(1,320.58)	*(6,655.51)*	-	*(7,976.09)*	*(369.44)*	*(46.53)*	-	-	*(415.97)*	*(7,560.12)*
(b) Given under operating lease	25.81	-	40.29	66.10	8.10	1.08	-	13.90	23.08	43.02
	(25.81)	-	-	*(25.81)*	*(8.10)*	-	-	-	*(8.10)*	*(17.71)*
Plant & Equipment	29,025.70	1,528.83	60.95	30,493.58	8,491.28	1,375.93	33.89	-	9,833.32	20,660.26
	(13,528.78)	*(15,496.92)*	-	*(29,025.70)*	*(7,879.41)*	*(611.87)*	-	-	*(8,491.28)*	*(20,534.42)*
Furniture & Fixtures	592.65	18.41	-	611.06	490.82	8.73	-	-	499.55	111.51
	(519.63)	*(73.02)*	-	*(592.65)*	*(483.15)*	*(7.67)*	-	-	*(490.82)*	*(101.83)*
Vehicles	224.38	-	3.70	220.68	82.65	20.77	2.60	-	100.82	119.86
	(217.95)	*(17.31)*	*(10.88)*	*(224.38)*	*(68.28)*	*(20.82)*	*(6.45)*	-	*(82.65)*	*(141.73)*
Office Equipment including computers	943.40	42.41	-	985.81	666.68	36.97	-	-	703.65	282.16
	(840.26)	*(103.14)*	-	*(943.40)*	*(635.44)*	*(31.24)*	-	-	*(666.68)*	*(276.72)*
Tangibles Total (A)	**39,719.68**	**1,860.30**	**64.65**	**41,515.33**	**10,160.21**	**1,688.46**	**36.49**	**-**	**11,812.18**	**29,703.15**
	(16,469.36)	***(23,261.20)***	***(10.88)***	***(39,719.68)***	***(9,447.66)***	***(719.00)***	***(6.45)***	**-**	***(10,160.21)***	***(29,559.47)***
Intangible Assets										
Software	218.53	26.84	-	245.37	20.57	21.94	-	-	42.51	202.86
	-	*(218.53)*	-	*(218.53)*	-	*(20.57)*	-	-	*(20.57)*	*(197.96)*
Patents	454.38	-	-	454.38	106.80	45.44	-	-	152.24	302.14
	(448.65)	*(5.73)*	-	*(454.38)*	*(61.80)*	*(45.00)*	-	-	*(106.80)*	*(347.58)*
Intangibles Total (B)	**672.91**	**26.84**	**-**	**699.75**	**127.37**	**67.38**	**-**	**-**	**194.75**	**505.00**
	(448.65)	***(224.26)***	**-**	***(672.91)***	***(61.80)***	***(65.57)***	**-**	**-**	***(127.37)***	***(545.54)***
TOTAL (A+B)	**40,392.59**	**1,887.14**	**64.65**	**42,215.08**	**10,287.58**	**1,755.84**	**36.49**	**-**	**12,006.93**	**30,208.15**
	(16,918.01)	***(23,485.46)***	***(10.88)***	***(40,392.59)***	***(9,509.46)***	***(784.57)***	***(6.45)***	**-**	***(10,287.58)***	***(30,105.01)***
Capital work-in-progress										**282.22**
										(344.08)
TOTAL										**30,490.37**
										(30,449.09)

NOTES :

1. Figures in brackets denotes previous year figures.
2. Adjustments in buildings aggregating to ₹ 40.29 lakhs represents owned residential flats given under operating lease during the year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 11: NON CURRENT INVESTMENTS (AT COST)		
LONG TERM		
a. Trade Investments		
Equity Instruments (Unquoted)		
Investment in 100% Subsidiary Company		
8,354,833 equity shares of ₹ 10 each, fully paid-up in PIL Chemicals Pvt. Ltd.	2,504.45	2,504.45
b. Other Investments		
(i) Equity Instruments (Quoted)		
566,320 Equity shares of ₹ 10 each, fully paid in Mafatlal Industries Limited (previous year ₹ 1) (see note 1 below)	890.00	890.00
566,340 Equity shares of ₹ 10 each, fully paid-up in Navin Fluorine International Limited (see notes 1 and 2 below)	1,335.00	1,335.00
5,000 Equity shares of ₹ 2 each, fully paid-up in HDFC Bank Limited	0.10	0.10
(ii) Equity Instruments (Unquoted)		
17,101 Equity shares of ₹ 100 each, fully paid in Mafatlal Engineering Industries Limited (₹ 1)		
1 Equity share of ₹ 2,000 fully paid in Shree Balaji Sahakari Sakhar Karkhana Limited	0.02	0.02
10,000 Equity shares of ₹ 10 each, fully paid in The Bharat Co-Operative Bank Limited	1.00	1.00
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates	0.01	0.01
(Certificate deposited with Government Department)		
TOTAL	**4,730.58**	**4,730.58**
(a) Aggregate amount of quoted investments		
Cost / Carrying value	2,225.10	2,225.10
Market value	2,667.50	1,799.36
(b) Aggregate amount of unquoted investments	2,505.48	2,505.48

NOTES:

1 The Company had in an earlier year provided for diminution in the value of its investments in Mafatlal Industries Limited (which then included Navine Fluorine International Limited -see note 2 below). As at 31 March 2013 the Company has reversed the provision since there is a rise in values and the reasons for continuing with the provision for diminution no longer exist.

2. 566,320 Equity shares of Navin Fluorine International Limited were received under the rehabilitation scheme of Mafatlal Industries Limited sanctioned by the Board for Industrial and Financial Reconstruction in its order dated 30 October 2002.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

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

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
	Long term		Short term	
(a) Capital advances	46.30	17.88	-	-
(b) Security deposits				
Considered good	401.63	403.77	-	-
Considered doubtful	300.00	300.00	-	-
	701.63	**703.77**	**-**	**-**
Less : Provision	(300.00)	(300.00)	-	-
	401.63	**403.77**	**-**	**-**
(c) Loans and advances to employees	3.10	6.69	6.36	8.77
(d) Prepaid expenses	6.47	10.94	133.00	159.92
(e) Advance income-tax (net of provisions ₹ 3,119.01 lakhs (previous year ₹ 6,824.03 lakhs))	158.63	434.32	-	-
(f) MAT credit entitlement	1,509.90	795.99	-	-
(g) Income-tax refund receivable	1,456.45	2146.04	-	-
(h) Balances with Government authorities:	-	-	-	-
(i) CENVAT credit receivable	-	-	704.03	1,053.63
(ii) VAT credit receivable	993.31	1,370.61	7.50	9.20
(iii) Service Tax credit receivable	-	-	375.05	470.39
(i) Advance to suppliers and others				
Considered good	-	-	301.04	237.03
Considered doubtful	-	-	1.49	1.49
Less : Provision	-	-	1.49	1.49
	-	-	301.04	237.03
(j) Export incentives receivable	-	-	34.48	43.94
TOTAL	**4,575.79**	**5,186.24**	**1,561.46**	**1,982.88**

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 13: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials	4,201.89	2,690.03
Work-in-progress	804.02	851.89
Finished goods (other than trading)	6,557.16	5,310.75
Stock-in-trade (trading)	50.52	20.85
Production consumables and stores & spares	796.33	649.47
	12,409.92	**9,522.99**
Details of stock-in-transit		
Raw Materials	3,534.60	1,787.60
Finished Goods	43.76	233.36
	3,578.36	2,020.96
TOTAL	**15,988.28**	**11,543.95**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 14: TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered good	10.10	41.17
Unsecured, Considered doubtful	18.02	-
	28.12	41.17
Less: Provision	18.02	-
	10.10	41.17
Other Trade receivables		
Unsecured, considered good	14,761.76	11,045.44
TOTAL	**14,771.86**	**11,086.61**
NOTE 15: CASH AND CASH EQUIVALENTS		
Cash and bank balance		
(a) Cash on hand	8.29	6.83
(b) Cheques on hand	847.28	-
(c) Balances with Banks		
(i) in Current accounts	304.93	510.73
(ii) in EEFC accounts	131.30	233.60
(iii) in Demand deposit accounts	75.00	300.00
(iv) in Earmarked accounts (Unpaid dividend accounts)	133.11	125.28
TOTAL	**1,499.91**	**1,176.44**
Note : Of the above, the balances that meet the definition of Cash andcash equivalents as per AS 3 Cash Flow Statements is	**1,366.80**	**1,051.16**
NOTE 16: OTHER CURRENT ASSETS (CONSIDERED GOOD)		
Interest accrued on deposits	27.26	12.31
Insurance claims	-	28.67
TOTAL	**27.26**	**40.98**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
NOTE 17: REVENUE FROM OPERATIONS		
(i) Sale of products:		
Manufactured goods		
Rubber Chemicals	63,267.34	51,627.28
Others	591.87	686.86
	63,859.21	**52,314.14**
Traded goods		
Rubber Chemicals	462.63	371.49
Sub total (i)	**64,321.84**	**52,685.63**
(ii) Other operating revenues:		
Sale of scrap	115.39	73.29
Duty drawback and other export incentives	86.08	131.83
Cash discount received	12.79	20.50
Excess provision for ealier years written back	38.78	41.06
Miscellaneous income	4.28	8.26
Sub total (ii)	**257.32**	**274.93**
TOTAL (i+ii)	**64,579.16**	**52,960.56**
NOTE 18: OTHER INCOME		
(a) Interest income (see note below)	894.53	882.43
(b) Dividend income:		
From long-term investments		
- From subsidiary	-	58.48
- From others	113.69	419.46
(c) Net gain on foreign currency transactions	30.73	-
(d) Other non-operating income (rental income)	36.75	27.00
TOTAL	**1,075.70**	**1,387.37**
Note :		
Interest income comprises:		
Interest from banks on deposits	8.62	93.00
Interest on loans and advances	38.98	12.06
Interest on overdue trade receivables	60.00	124.83
Interest on income tax refund	740.24	652.54
Interest on VAT refund	46.69	-
TOTAL	**894.53**	**882.43**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
NOTE 19.a: COST OF MATERIALS CONSUMED		
Opening stock	4,477.63	3,313.74
Add: Purchases	38,601.81	31,501.60
	43,079.44	34,815.34
Less: Closing stock	7,736.49	4,477.63
Cost of materials consumed	**35,342.95**	**30,337.71**
Materials consumed comprise:		
Chlorinated aromatics & amines	15,903.60	12,764.03
Solvents	7,461.07	6,046.24
Chemicals	10,768.54	9,983.16
Others	1,209.74	1,544.28
	35,342.95	**30,337.71**
NOTE 19.b: PURCHASES OF STOCK - IN - TRADE		
Rubber Chemicals	408.35	279.96
TOTAL	**408.35**	**279.96**
NOTE 19.c: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)		
Inventories at the end of the year:		
Finished goods	6,600.92	5,544.11
Work-in-progress	804.02	851.89
Stock-in-trade	50.52	20.85
	7,455.46	6,416.85
Inventories at the beginning of the year:		
Finished goods	5,544.11	6,810.23
Work-in-progress	851.89	712.58
Stock-in-trade	20.85	23.78
	6,416.85	7,546.59
Increase/(Decrease) in excise duty on closing stock of finished products	189.46	(177.88)
Net (Increase) / Decrease	**(849.15)**	**951.86**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
NOTE 20: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,292.57	2,798.51
Contributions to provident and other funds (refer note 32)	382.52	410.71
Staff welfare expenses	426.24	355.00
TOTAL	**4,101.33**	**3,564.22**
NOTE 21: FINANCE COSTS		
Interest expense:		
(i) Borrowings from banks (refer note 27)	1,724.75	336.06
(ii) Others		
- Interest on delayed payment of income-tax	-	24.84
- Interest on security deposits and others	14.02	14.59
TOTAL	**1,738.77**	**375.49**
NOTE 22: OTHER EXPENSES		
Power, fuel and Other Utilities	5,910.63	4,727.48
Processing Charges	2,384.29	1979.97
Selling Expenses	1,927.62	1,684.57
Consumption of packing materials	868.58	790.81
Consumption of stores and spare parts	557.75	416.08
Rent including lease rentals	261.78	192.39
Repairs and maintenance - Machinery	362.50	337.07
Repairs and maintenance - Buildings	59.39	66.64
Insurance	82.06	69.45
Rates and taxes	73.49	28.86
Payments to auditors (Refer Note below)	23.56	22.85
Loss on fixed assets sold / scrapped / written off	27.76	1.68
Provision for Doubtful Debts -	18.02	-
Net loss on foreign currency transactions	-	11.06
Miscellaneous expenses	1,960.96	1,393.98
TOTAL	**14,518.39**	**11,722.88**
Note:		
Payments to the auditors comprise		
As auditors - statutory audit	19.00	19.00
- tax audit	2.50	2.50
- certification work	1.50	1.00
For reimbursement of expenses	0.56	0.35
TOTAL	**23.56**	**22.85**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

23 Contingent liability in respect of:

(₹ in Lakhs)

		2013 – 14	2012 – 13
(a)	Claims against the Company not acknowledged as debts	**62.27**	140.58
(b)	Central excise duty and Customs duty demands disputed	**65.78**	139.00
(c)	Income tax demands disputed	**1,074.30**	865.83
(d)	Sales tax demands disputed Note: The Company has contested / filed appeals in respect of the aforesaid disputed matters before the authorities. The management is hopeful that matters will be decided in favour of the Company	**393.81**	364.36

24.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**149.26**	142.70

25. The Company is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of AS 17 on 'Segment Reporting', constitutes a single reportable segment.

26. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns etc.). These lease arrangements are ranging between 11 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rentals expense and income is ₹ 261.78 Lakhs (previous year ₹ 192.39 Lakhs) and ₹ 36.75 Lakhs (previous year ₹ 27.00 Lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows:

(₹ in Lakhs)

Particulars	2013-14	2012-13
Payable not later than one year	**5.50**	6.71
Payable later than one year but not later than five years	**-**	5.50
Payable later than later than five years	**-**	-

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

28. Related Parties

(A) Name of related parties and description of relationship

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

(ii) Enterprises over which Directors and Relatives of such personnel exercise significant influence:
Navin Fluorine International Limited
Mafatlal Industries Limited

(iii) Key Management Personnel:
Mr. C. R. Gupte
Mr. S. R. Deo (w.e.f. – 1st January 2014)

(B) Transactions and amounts outstanding with related parties

(₹ in Lakhs)

Nature of Transactions	2013 – 14	2012 – 13
Purchase of Materials / Services:		
- Navin Fluorine International Limited	**4.68**	7.02
- PIL Chemicals Private Limited	**976.26**	861.44
Reimbursement of Expenses:		
- Mafatlal Industries Limited	**13.11**	15.10
Remuneration Paid to:		
Key Management Personnel		
- Mr. C. R. Gupte	**189.97**	184.35*
-Mr. S. R. Deo	**29.08**	-
Rent Paid to:		
Mafatlal Industries Limited	-	21.60
Navin Fluorine International Limited	**163.80**	96.30
Amount outstanding at the year end		
Office / Flat Deposit given:		
Mafatlal Industries Limited	**22.28**	22.28
Trade Creditors Payable:		
- PIL Chemicals Private Limited	**740.41**	618.38
- Mafatlal Industries Limited	**1.09**	0.54
- Navin Fluorine International Limited	1.17	-

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

*Amount includes ₹ 50.00 lakhs being the amount paid on receipt of Central Government approval.

29. Deferred tax

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

(₹ in Lakhs)

	2013 – 14	2012 – 13
Depreciation	**3,100.69**	2,590.46
Unabsorbed depreciation carried forward	**(6.94)**	(785.24)
Provision for doubtful debts and advances	**(108.60)**	(102.48)
Provision for employee benefits	**(431.36)**	(448.17)
Sales Tax set off	**1,398.86**	1,434.20
Others	**(55.33)**	–
Net deferred tax liability	**3,897.32**	2,688.77

30. Earnings per share (EPS):

	2013– 14	2012 – 13
Profit attributable to Equity shareholders (₹ in Lakhs)	**2,361.76**	4,249.02
Weighted average number of Equity shares for Basic EPS	**160,786,980**	160,786,980
Weighted average number of Equity shares for Diluted EPS	**160,786,980**	160,786,980
Nominal value of Equity share (₹)	**10.00**	10.00
Earnings per share (₹) – Basic	**1.47**	2.64
Earnings per share (₹) – Diluted	**1.47**	2.64

31. ESOP scheme

The details of the Employee Stock Options are as follows:

	2011-12	2010-11	2009-10	2007-08
	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	1-April-2011	25-May-2010	9-June-2009	27-Aug-2007
Contractual life	10 years	10 years	10 years	10 years
Outstanding as at 1 April 2013	973,000	973,000	425,100	425,100
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-

	2011-12	2010-11	2009-10	2007-08
Exercised during the year	-	-	-	-
Outstanding as at 31 March 2014	973,000	973,000	425,100	425,100
Vesting Schedule (from the date of grant)				
First Year	25%	25%	25%	25%
Second Year	25%	25%	25%	25%
Third Year	25%	25%	25%	25%
Fourth Year	25%	25%	25%	25%
Method of settlement	Equity	Equity	Equity	Equity

Had fair value method been used, the compensation cost would have been higher by ₹ 21.35 Lakhs (previous year ₹46.09 Lakhs), profit after tax would have been lower by ₹14.55 Lakhs (previous year ₹ 44.37 Lakhs) and EPS – both Basic and Diluted – would have been ₹ 1.46 (lower by ₹ 0.01) (previous year ₹ 2.62 per share (lower by ₹ 0.02)).

32. Employment and Retirement Benefits

(₹ In Lakhs)

				2013 – 14	2012 – 13
1	**Post-Employment benefits**				
	a)	Defined contribution plans			
		i)	Company's contribution to Provident Fund	156.71	138.32
		ii)	Company's contribution to Superannuation Fund	38.93	36.65
	b)	Defined benefit scheme			
		Gratuity Funded:			
		i)	Liability recognized in Balance Sheet		
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	1,163.13	1,080.93
			Service Cost	38.78	51.73
			Interest Cost	93.05	91.88
			Actuarial Loss on Obligations	91.22	26.54
			Benefits paid	(208.20)	(87.95)
			As at 31 March	1,177.98	1,163.13
			Less: Fair Value of Plan Assets		
			As at 1 April	1,065.45	1,012.68
			Expected Return on Plan assets less loss on investment	92.69	87.09
			Contribution	97.68	68.25
			Benefits paid	(208.20)	(87.95)
			Actuarial Loss on Plan Assets	(8.41)	(14.62)
			As at 31 March	1,039.21	1,065.45
			Net	138.77	97.68
		Gratuity Unfunded:			
			Present Value of Obligations		
			As at 1 April	649.42	561.19
			Service Cost	21.65	26.86
			Interest Cost	51.95	47.70
			Actuarial (Gain)/ Loss on Obligations	(25.50)	71.13
			Benefits paid	(127.31)	(57.46)
			As at 31 March	570.22	649.42
			Net Liability	708.99	747.10
		ii)	Expense during the year		
			Service Cost	60.43	78.59
			Interest Cost	145.00	139.58
			Expected Return on Plan assets	(92.69)	(87.09)
			Actuarial Loss on Obligations	74.14	112.29
			TOTAL	186.88	243.37
		iii)	Principal actuarial assumptions		
			Rate of Discounting	9.33%	8.00%
			Rate of Return on Plan Assets	8.70%	8.70%
			Rate of increase in salaries	4.50%	4.11%
			Rate of Attrition	2%	2%
2	**Breakup of Plan Assets:**				
	i)	Government Bonds		481.16	502.25
	ii)	Corporate Bonds		401.28	403.20
	iii)	Special Deposit Scheme		8.71	8.71
	iv)	Others		148.06	151.29
		TOTAL		1,039.21	1,065.45

The Company expects to contribute ₹ 138.78 lakhs (previous year ₹ 85.82 Lakhs) to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the Indian Assured Lives Mortality (2006-08) ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of the future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

Other Disclosure: (₹ in Lakhs)

Particulars	2013-14	2012-12	2011-12	2010-11	2009-10
Defined benefit obligation	1,748.20	1,812.55	1,642.12	1,547.34	1,419.28
Plan asset	1,039.20	1,065.45	1,012.68	929.47	789.15
Deficit	709.00	747.10	629.44	617.87	630.13
Experience adjustment on liabilities – loss	145.17	38.18	55.95	73.52	235.08
Experience adjustment on plan assets – loss	8.41	14.62	0.32	75.94	6.74

33. Value of Imports on CIF basis in respect of :

(₹ in Lakhs)

	2013 - 14	20112- 13
(i) Raw Materials	19,239.82	12,302.91
(ii) Stores and spares	8.15	13.34
(iii) Capital goods	25.19	1,290.25
Total	19,273.16	13,606.50

34. Expenditure in Foreign Currency on account of:

(₹ in Lakhs)

	2013 - 14	2012- 13
(i) Professional and technical fees	1.45	2.69
(ii) Commission on sales	131.05	115.32
(iii) Others	22.59	33.85
Total	155.09	151.86

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

	2013 - 14				2012 - 13			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption	Value	% of Total consumption
(a) Raw materials	**19,006.24**	**53.8**	**16,336.71**	**46.2**	10,953.76	36.1	19,383.94	63.9
(b) Stores and spares	**5.44**	**1.0**	**552.31**	**99.0**	8.25	2.0	407.83	98.0

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

	2013-14	2012-13
F.O.B. value of goods exported	**22,207.80**	18,960.45

37. The amounts due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures relating to Micro and Small Enterprises as at the year – end.

(₹ in Lakhs)

Description	2013 - 14	2012 - 13
Principal amount outstanding as at the end of the year	**86.84**	29.21
Interest due thereon remaining unpaid as at the end of the year	**0.85**	**0.38**
Interest paid to the supplier	**-**	**-**
Payments made to the supplier beyond the appointed day during the year	**-**	**-**
Interest due and payable for the period of delay	**-**	**-**
Interest accrued and remaining unpaid as at the end of the year	**0.85**	0.38
Amount of further interest remaining due and payable in succeeding year	**0.85**	0.38

38. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding forward exchange contracts as at 31 March 2014 and 31 March 2013.

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

(Figures in Lakhs)

	2013- 2014		2012 - 2013	
	₹ Rupees	foreign currency	₹ Rupees	foreign currency
Unhedged				
Creditors for Goods	**4,166.86**	**USD 68.41** **EURO 0.82**	2,182.62	USD 36.80 EURO 2.64
Debtors	**4,311.32**	**USD 62.70** **EURO 6.75**	3,813.68	USD 62.20 EURO 6.35
Creditors for expenses	**104.41**	**USD 1.69** **EURO 0.04**	66.78	USD 1.21 EURO 0.01

39. The Company has implemented a voluntary retirement scheme at its Navi Mumbai plant. The compensation paid during the current year under the said scheme of ₹ 203.45 lakhs has been debited to the Statement of Profit and loss and disclosed as an exceptional item.

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

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

INDEPENDENT AUDITORS' REPORT

To The Board Of Directors

NOCIL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NOCIL Limited (the Company) and its subsidiary company (the Company and its subsidiary company constitute the Group), which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;

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

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

Other Matter

We did not audit the financial statements of the subsidiary company, whose financial statements reflect total assets (net) of ₹ 2,093.69 lakhs as at 31 March 2014, total revenues of Nil and net cash flows amounting to ₹ (13.39) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A B Jani
Partner
(Membership no: 46488)

Place : Mumbai
Date : 30 April 2014

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(₹ in Lakhs)

	Note No.	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	**2**	16,078.70	16,078.70
(b) Reserves and surplus	**3**	21,677.20	20,420.47
(2) Non-current liabilities			
(a) Long-term borrowings	**4**	7,183.33	9,316.67
(b) Deferred tax liabilities (net)	**29**	4,026.28	2,806.90
(c) Long term provisions	**5**	1,164.46	1,192.77
(3) Current liabilities			
(a) Short-term borrowings	**6**	5,905.91	3,733.63
(b) Trade payables	**7**	11,688.73	6,547.83
(c) Other current liabilities	**8**	4,127.75	4,413.07
(d) Short-term provisions	**9**	1,382.35	1,373.63
TOTAL		**73,234.71**	**65,883.67**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	**10**	31,536.38	31,503.01
(ii) Intangible assets	**10**	505.37	545.94
(iii) Capital work-in-progress		311.35	365.45
(b) Non-current investments	**11**	2,242.84	2,242.84
(c) Long term loans and advances	**12**	4,725.91	5,315.08
(2) Current assets			
(a) Inventories	**13**	16,012.65	11,571.12
(b) Trade receivables	**14**	14,771.86	11,086.61
(c) Cash and cash equivalents	**15**	1,527.16	1,217.07
(d) Short-term loans and advances	**12**	1,573.92	1,995.57
(e) Other current assets	**16**	27.27	40.98
TOTAL		**73,234.71**	**65,883.67**
Significant accounting policies	**1**		

See accompanying notes 1 to 36 forming part of the financial statements.

In terms of our report attached. For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Lakhs)

		Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
	Revenue from operations (Gross)	**17**	64,579.16	52,960.56
	Less: Excise duty		4,964.77	4,142.77
	Revenue from operations (Net)		59,614.39	48,817.79
II	Other Income	**18**	1,083.41	1,340.44
III	**Total Revenue**		**60,697.80**	**50,158.23**
IV	Expenses			
	(a) Cost of materials consumed	**19.a**	35,342.95	30,337.71
	(b) Purchases of stock-in-trade	**19.b**	408.35	**279.96**
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	**19.c**	(849.15)	951.86
	(d) Employee benefits expense	**20**	4,273.93	3,718.86
	(e) Finance costs	**21**	1,738.77	375.49
	(f) Depreciation and amortisation expense	**10**	1,873.58	901.09
	(g) Other expenses	**22**	14,201.29	11,436.50
	Total expenses		**56,989.72**	48,001.47
V	**Profit before exceptional items and tax (III-IV)**		3,708.08	2,156.76
VI	Exceptional item			
	- Reversal of diminution in value of investment		-	2,225.00
	- Voluntary retirement scheme expenses	34	(203.45)	-
VII	**Profit before tax (V+VI)**		3,504.63	4,381.76
VIII	**Tax expense:**			
	(a) Current tax expense		719.73	800.96
	(b) (Less): MAT credit		(719.73)	(800.96)
	(c) (Excess) provision for tax relating to prior years		(100.15)	(333.92)
	(d) Deferred tax		1,219.38	502.24
IX	**Profit for the year (VII-VIII)**		**2,385.40**	**4,213.44**
X	**Earnings per equity share (of ₹ 10/- each) :**	**30**		
	(a) Basic (in ₹)		1.48	2.62
	(b) Diluted (in ₹)		1.48	2.62
	Significant accounting policies	**1**		
	See accompanying notes 1 to 36 forming part of the financial statements.			

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	**3,504.63**	**4,381.76**
Adjustments for :		
Depreciation	1,873.58	901.10
Reversal of diminution in value of investment (refer note 11)	-	(2,225.00)
Obsolete fixed assets written off	27.07	-
Loss on sale of fixed assets (net)	(1.83)	1.68
Income from long term investments	(117.68)	(421.82)
Interest on deposits, overdue receivables and others	(898.25)	(890.13)
Unrealised foreign exchange flucuation	11.66	(3.02)
Finance costs	1,738.77	375.49
	2,633.32	**(2,261.70)**
Operating profit before working capital changes	**6,137.95**	**2,120.06**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(4,441.54)	(138.10)
Trade receivables	(3,685.25)	(1,128.82)
Short term loan and advances	421.65	(280.29)
Long-tern loan and advances	1,076.78	(289.85)
Other current assets	13.71	(22.01)
Trade payables	5,140.89	450.52
Other current liabilities	164.23	130.11
Long -term provisions	(28.31)	(642.03)
Short term provisions	8.73	81.73
Earmarked bank account (Unpaid dividend account)	(7.83)	(20.68)
	(1,336.96)	**(1,859.42)**
Cash generated from operations	**4,800.99**	**260.66**
Taxes paid	(359.16)	(309.94)
Net cash generated from/(used in) operating activities	**4,441.83**	**(49.28)**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets	(2,826.38)	(9,210.74)
Purchase of Investment	-	-
Loans recovered	-	-
Sale proceeds of fixed assets	3.20	2.75
Interest received	898.25	890.13
Dividend received	117.68	421.82
Net Cash used in investment activities	**(1,807.25)**	**(7,896.04)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
(Repayments) / Proceeds from long-term borrowings	(1,633.33)	3,450.00
Proceeds from short-term borrowings	2,172.28	3,187.75
Finance costs	(1,738.77)	(375.49)
Dividend paid	(956.89)	(944.04)
Dividend tax paid	(163.95)	(167.09)
Net cash generated (used in) / from financing activities	**(2,320.66)**	**5,151.13**
Net increase / (decrease) in cash and cash equivalents	**313.92**	**(2,794.19)**
Opening balance of cash and cash equivalents	1,091.79	3,882.98
Unrealised foreign exchange fluctuation on exchange earners foreign currency (EEFC) account	(11.66)	3.02
Closing balance of cash and cash equivalents	1,394.05	1,091.79
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Closing balance of cash and cash equivalents (As per Note 15)	**1,527.16**	**1,217.07**
Less :balance in earmarked accounts (Unpaid dividend account)	133.11	125.28
Cash and Cash Equivalents considered for Cash Flow	**1,394.05**	**1,091.79**

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date : 30 April 2014

For and on behalf of the Board of Directors

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

V. K. Gupte
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1.A CORPORATE INFORMATION

NOCIL Limited (the Company) was incorporated on 11 May 1961, and is engaged in manufacture of rubber chemicals. The Company has manufacturing facilities at Navi Mumbai (Maharashtra) and at Dahej (Gujarat). The products manufactured by the Company are used by the tyre industry and other rubber processing industries.

The following wholly owned subsidiary company is included in the Consolidation:

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

1.B Significant Accounting Policies

A. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the "Group") have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

B. Principles of Consolidation

The subsidiary company is consolidated on a line-by-line basis in accordance with Accounting Standard 21 on "Consolidated Financial Statements". Inter-company transactions and balances are eliminated on consolidation.

For the purpose of consolidation, the financial statements of the Subsidiary company are drawn up to 31 March 2014.

C. Uniform Accounting Policies

The Consolidated Financial Statements of the Company and its subsidiary company have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

D. Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialize.

E. Fixed Assets

(i) Tangible Assets:

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the assets are put to use.

(ii) Intangible Assets:

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

F. Depreciation

i) Depreciation on tangible fixed assets is provided on the Straight Line Method at the rates and in manner prescribed under Schedule XIV to the Companies Act, 1956.

ii) Leasehold land is depreciated on straight line basis over the period of lease.

iii) Intangible assets are amortised over their estimate useful life of 10 years.

iv) Assets costing ₹ 5000/- or less are fully depreciated in the year of purchase.

G. Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets" when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

H. Leases

Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss on a straight-line basis over the lease term.

I. Investments

Long-term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value.

J. Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprise all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the

absorption costing method.

Excise Duty related to finished goods is included under changes in inventories of finished products and work-in-progress (Note 19.c).

K. Employee Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined Contribution Plans:

The Group's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefits Plans:

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

Actuarial Gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

L. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected.

Foreign currency denominated assets and liabilities (monetary items) are translated into the reporting currency at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognized in the Statement of Profit and Loss.

M. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

N. Revenue recognition

Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax recovered. Excise duty related to sales turnover is presented as a reduction from gross sales.

Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

O. Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

Deferred income tax reflect the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets, in case there are unabsorbed depreciation and losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

P. Earnings Per Share

The Group reports Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the net profit for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

Q. Employee Share based payments

The Company has constituted an Employee Stock Option Plan 2008. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

R. Cash Flow statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Group. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand, balance in current accounts and unencumbered demand deposits with banks.

s. Provisions and contingencies

A provision is recognised when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any, are disclosed in the notes to the financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
NOTE 2 : SHARE CAPITAL				
(a) Authorised				
Equity Shares of the par value of (₹10 each)	1,200,000,000	120,000.00	1,200,000,000	120,000.00
(b) Issued and Subscribed				
Equity Shares of ₹ 10 each fully paid up	160,786,980	16,078.70	160,786,980	16,078.70

(c) Rights, preferences and restrictions attached to Equity shares

The company has a single class of equity shares. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(d) Shareholders holding more than 5% equity shares in the Company are set out below:				
Mafatlal Industries Limited				
No. of shares	23,036,469		-	
% Holding	14.33		-	
Mishapar Investments Limited				
No. of shares	-		10,536,300	
% Holding	-		6.55	
Arvi Associates Private Limited				
No. of shares	10,468,026		10,468,026	
% Holding	6.51		6.51	
(e) No. of shares reserved for issuance as employee stock options (Refer note 31)	2,796,200		2,796,200	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital reserve		
As per last Balance Sheet	15.29	15.29
(b) Securities Premium Account		
As per last Balance Sheet	450.92	450.92
(c) Reserve u/s 45 IC of the Reserve Bank of India Act		
As per last Balance Sheet	58.72	58.72
Less: Transfer to Surplus in Statement of Profit and loss as no longer required	58.72	-
Closing balance (refer note 35)	-	58.72
(d) General reserve		
As per last Balance Sheet	4,864.71	4,864.71
(e) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	15,030.83	11,946.06
Add: Profit for the year	2,385.40	4,213.44
Add: Balance in reserve u/s 45 IC of RBI Act no longer required (refer note 35)	58.72	-
Less: Appropriations :		
Proposed Dividend on Equity Shares (₹ 0.60 per share)	964.72	964.72
Corporate Dividend Tax	163.95	163.95
Closing balance	16,346.28	15,030.83
TOTAL	**21,677.20**	**20,420.47**
NOTE 4 LONG-TERM BORROWINGS		
Secured term loans from banks (refer note 8)	7,183.33	9,316.67
TOTAL	**7,183.33**	**9,316.67**
Details of security		
a) First pari passu charge on all moveable and immoveable fixed assets of the company at Dahej, both present and future.		
b) Second pari passu charge on entire current assets of the company, both present and future.		
Terms of Repayment and maturity with respect to the Balance Sheet date		
Repayable in 20/21 equal quarterly instalments commencing from FY 2013-14		
NOTE 5 LONG-TERM PROVISIONS		
For employee benefits (refer notes 8 and 9 for current/short term)	1,105.14	1,133.45
For Customs duty		
As per last balance sheet	59.32	727.55
Less: Provision no longer required	-	668.23
	59.32	59.32
TOTAL	**1,164.46**	**1,192.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 6 SHORT-TERM BORROWINGS (SECURED)		
From Banks		
Working Capital Loans	3,355.91	3,433.63
Packing credit loan	2,550.00	300.00
TOTAL	**5,905.91**	**3,733.63**
Details of Security		
First pari passu charge on stock and book debts both present and future by way of hypothecation over company's entire current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and other movables, book debts, bills, outstanding monies, receivables, both present and future.		
Terms of Repayment		
Repayable on demand		
NOTE 7 TRADE PAYABLES (refer note 37)		
Trade payables:		
Acceptances	3,428.60	2,132.80
Other than Acceptances	8,260.13	4,415.03
TOTAL	**11,688.73**	**6,547.83**
NOTE 8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term loans from banks (refer note 4)	2,133.33	1,633.33
(b) Current liability for Employee Benefits	183.59	243.07
(c) Interest accrued but not due on borrowings	100.37	90.01
(d) Unclaimed dividends	133.11	125.28
(e) Other payables		
(i) Statutory remittances	888.16	658.65
(ii) Trade/security deposits received	181.14	184.14
(iii) Creditors for Capital Projects	448.60	1,406.84
(iv) Advances from customers	21.15	23.74
(v) Others	38.30	48.01
TOTAL	**4,127.75**	**4,413.07**
NOTE 9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:	253.68	244.96
(b) Proposed Dividend on Equity Shares	964.72	964.72
(c) Corporate Dividend Tax	163.95	163.95
TOTAL	**1,382.35**	**1,373.63**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

NOTE 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation and Amortization					Net Block
	As at 1 April 2013	Additions	Deductions / Adjustments	As at 31 March 2014	As at 1 April 2013	For the year	Deductions / Adjustments	Adjustments	As at 31 March 2014	As at 31 March 2014
Tangibles										
Leasehold Land	1,256.65	-	-	1,256.65	33.62	14.47	-	-	48.09	1,208.56
	(341.35)	*(915.30)*	-	*(1,256.65)*	*(28.25)*	*(5.37)*	-	-	*(33.62)*	*(1,223.03)*
Buildings Own use	8,315.67	270.65	40.29	8,546.03	474.39	244.91	-	13.90	705.40	7,840.63
	(1,656.23)	*(6,659.44)*	-	*(8,315.67)*	*(418.00)*	*(56.39)*	-	-	*(474.39)*	*(7,841.28)*
Given under operating lease	25.81	-	40.29	66.10	8.10	1.08	-	13.90	23.08	43.02
	(25.81)	-	-	*(25.81)*	*(8.10)*	-	-	-	*(8.10)*	*(17.71)*
Plant and Equipment	30,976.83	1,536.51	61.34	32,452.00	9,079.44	1,479.01	34.00	-	10,524.45	21,927.55
	(15,359.13)	*(15,617.70)*	-	*(30,976.83)*	*(8,365.66)*	*(713.78)*	-	-	*(9,079.44)*	*(21,897.39)*
Furniture and Fixtures	595.03	18.41	-	613.44	491.23	8.88	-	-	500.11	113.33
	(520.96)	*(74.07)*	-	*(595.03)*	*(483.42)*	*(7.81)*	-	-	*(491.23)*	*(103.80)*
Vehicles	224.39	-	3.70	220.69	82.66	20.77	2.60	-	100.83	119.86
	(217.96)	*(17.31)*	*(10.88)*	*(224.39)*	*(68.29)*	*(20.82)*	*(6.45)*	-	*(82.66)*	*(141.73)*
Office Equipment including computers	944.87	42.41	-	987.28	666.80	37.05	-	-	703.85	283.43
	(841.58)	*(103.29)*	-	*(944.87)*	*(635.48)*	*(31.32)*	-	-	*(666.80)*	*(278.07)*
Tangibles Total (A)	**42,339.25**	**1,867.98**	**65.04**	**44,142.19**	**10,836.24**	**1,806.17**	**36.60**	**-**	**12,605.81**	**31,536.38**
	(18,963.02)	***(23,387.11)***	***(10.88)***	***(42,339.25)***	***(10,007.20)***	***(835.49)***	***(6.45)***	**-**	***(10,836.24)***	***(31,503.01)***
Intangibles										
Software	219.11	26.84	-	245.95	20.75	21.97	-	-	42.72	203.23
	(0.58)	*(218.53)*	-	*(219.11)*	*(0.15)*	*(20.60)*	-	-	*(20.75)*	*(198.36)*
Patents	454.38	-	-	454.38	106.80	45.44	-	-	152.24	302.14
	(448.65)	*(5.73)*	-	*(454.38)*	*(61.80)*	*(45.00)*	-	-	*(106.80)*	*(347.58)*
Intangibles Total (B)	**673.49**	**26.84**	**-**	**700.33**	**127.55**	**67.41**	**-**	**-**	**194.96**	**505.37**
	(449.23)	***(224.26)***	**-**	***(673.49)***	***(61.95)***	***(65.60)***	**-**	**-**	***(127.55)***	***(545.94)***
TOTAL (A+B)	**43,012.74**	**1,894.82**	**65.04**	**44,842.52**	**10,963.79**	**1,873.58**	**36.60**	**-**	**12,800.77**	**32,041.75**
Previous Year	***(19,412.25)***	***(23,611.37)***	***(10.88)***	***(43,012.74)***	***(10,069.15)***	***(901.09)***	***(6.45)***	**-**	***(10,963.79)***	***(32,048.95)***
Capital work-in-progress										**311.35**
										(365.45)
Total										**32,353.10**
										(32,414.40)

NOTES :

1. Figures in brackets denotes previous year figures.
2. Adjustments in buildings aggregating to ₹ 40.29 lakhs represents owned residential flats given under operating lease during the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
NOTE 11: NON-CURRENT INVESTMENTS (AT COST)		
LONG TERM		
a. Other investments		
(i) Equity Instruments (Quoted)		
566,320 Equity shares of ₹ 10 each, fully paid-up in Mafatlal Industries Limited (see note 1 below)	890.00	890.00
566,340 Equity shares of ₹ 10 each, fully paid-up in Navin Fluorine International Limited	1,335.00	1,335.00
(see note number 1 and 2 below)		
5,000 Equity shares of ₹ 2 each, fully paid-up in HDFC Bank Limited	0.10	0.10
19,900 Equity shares of ₹10 each, fully-paid up in Bank of India	8.96	8.96
2400 Equity shares of ₹10 each, fully-paid up Corporation Bank	1.89	1.89
(ii) Equity Instruments (Unquoted)		
17,101 Equity shares of ₹ 100 each, fully paid-up in Mafatlal Engineering Industries Limited (₹ 1)	-	-
1 Equity share of ₹ 2,000 fully paid-up in Shree Balaji Sahakari Sakhar Karkhana Limited	0.02	0.02
10,000 Equity shares of ₹ 10 each, fully- paid-up in The Bharat Co-Operative Bank Limited	1.00	1.00
32,000 Equity shares of Mafatlal UK (₹ 2)	0.00	0.00
22,320 Equity shares of Mafatlal Services Ltd (₹ 1)	0.00	0.00
(iii) Investment in Government Securities (unquoted)		
National Saving Certificates	0.01	0.01
(Certificate deposited with Government Department)		
(iv) Investment in Mutual Funds		
50,000 Units of ₹10 each of JM Mutual Fund	5.00	5.00
10,560 Units of ₹10 each of UTI Master Shares	0.86	0.86
TOTAL	**2,242.84**	**2,242.84**
(a) Aggregate amount of quoted investments		
Cost / Carrying value	2,241.81	2,241.81
Market value	2,730.53	1,878.31
(b) Aggregate amount of unquoted investments	1.03	1.03

NOTES

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

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

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
	Long term		Short term	
(a) Capital advances	46.30	17.88	-	-
(b) Security deposits				
Considered good	436.92	437.50	-	-
Considered doubtful	300.00	300.00	-	-
Less : Provision	(300.00)	(300.00)	-	-
	436.92	437.50	-	-
(c) Loans and advances to employees	3.10	6.69	17.35	19.94
(d) Prepaid expenses	6.47	10.94	134.35	161.11
(e) Advance income tax (net of provisions ₹ 3,180.08 lakhs (previous year ₹ 6,879.28 lakhs))	190.15	450.38	-	-
(f) MAT credit entitlement	1,593.21	873.77	-	-
(g) Income tax refund receivable	1,456.45	2,146.04	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Cotd...)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
	Long term		Short term	
(h) Balances with Government authorities :				
(i) CENVAT credit receivable	-	-	704.03	1,053.63
(ii) VAT credit receivable	993.31	1,371.88	7.50	9.20
(iii) Service Tax credit receivable	-	-	375.05	470.39
(i) Advance to suppliers and others	-	-	-	-
Considered good	-	-	301.16	237.35
Considered doubtful	-	-	1.49	1.49
Less : Provision	-	-	1.49	1.49
	-	-	301.16	237.35
(j) Export incentives receivable		-	34.48	43.94
TOTAL	**4,725.91**	**5,315.08**	**1,573.92**	**1,995.57**
NOTE 13: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)				
Raw materials			4,201.89	2,690.03
Work-in-progress			804.02	851.89
Finished goods (other than trading)			6,557.16	5,310.75
Stock-in-trade (trading)			50.52	20.85
Production consumables and stores and spares			820.70	676.64
			12,434.29	9,550.16
Details of stock-in-transit				
Raw Materials			3,534.60	1,787.60
Finished Goods			43.76	233.36
			3,578.36	2,020.96
TOTAL			**16,012.65**	**11,571.12**
NOTE 14: TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered good			10.10	41.17
Unsecured, considered doubtful			18.02	-
			28.12	41.17
Less: Provision			18.08	-
			10.10	41.17
Other Trade receivables				
Unsecured, considered good			14,761.76	11,045.44
TOTAL			**14,771.86**	**11,086.61**
NOTE 15: CASH AND CASH EQUIVALENTS				
Cash and Bank Balances				
(a) Cash on hand			8.35	6.90
(b) Cheque on hand			847.28	-
(c) Balance with Banks				
(i) in Current accounts			332.12	551.29
(ii) in EEFC accounts			131.30	233.60
(iii) in Demand deposit accounts			75.00	300.00
(iv) in earmarked accounts (Unpaid divident accounts)			133.11	125.28
TOTAL			**1,527.16**	**1,217.07**
Note : Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is:			1,394.05	1,091.79
NOTE 16: OTHER CURRENT ASSETS (CONSIDERED GOOD)				
Interest accrued on deposits			27.27	12.31
Insurance claims			-	28.67
TOTAL			**27.27**	**40.98**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2014	For the Year ended 31 March 2013
NOTE 17: REVENUE FROM OPERATIONS		
(i) Sale of products:		
Manufactured goods		
Rubber Chemicals	63,267.34	51,627.28
Others	591.87	686.86
	63,859.21	52,314.14
Traded goods		
Rubber Chemicals	462.63	371.49
Sub Total (i)	**64,321.84**	**52,685.63**
(ii) Other operating revenues:		
Sale of scrap	115.39	73.29
Duty drawback and other export incentives	86.08	131.83
Cash discount received	12.79	20.50
Excess provision for ealier years written back	38.78	41.05
Miscellaneous Income	4.28	8.27
Sub Total (ii)	**257.32**	**274.93**
TOTAL (i+ii)	**64,579.16**	**52,960.56**
NOTE: 18 OTHER INCOME		
(a) Interest income (see note (i) below)	898.25	890.13
(b) Dividend income:		
- from long-term investments	-	-
- from others	117.68	421.82
(c) Net gain on foreign currency transactions	30.73	-
(d) Other non-operating income (rental income)	36.75	28.49
TOTAL	**1,083.41**	**1,340.44**
(i) Interest income comprises:		
Interest from banks on deposits	11.71	99.40
Interest on loans and advances	39.61	12.77
Interest on overdue trade receivables	60.00	124.83
Interest on income tax refund	740.24	653.13
Interest on VAT refund	46.69	-
TOTAL	**898.25**	**890.13**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2014	For the Year ended 31 March 2013
NOTE 19. a : COST OF MATERIALS CONSUMED		
Opening stock	4,477.63	3,313.74
Add Purchase	38,601.81	31,501.60
	43,079.44	**34,815.34**
Less: Closing stock	7,736.49	4,477.63
Cost of materials consumed	**35,342.95**	**30,337.71**
Materials consumed comprise:		
Chlorinated aromatics and amines	15,903.60	12,764.03
Solvents	7,461.07	6,046.24
Chemicals	10,768.54	9,983.16
Others	1,209.74	1,544.28
TOTAL	**35,342.95**	**30,337.71**
NOTE 19.b: PURCHASES OF STOCK-IN-TRADE		
Rubber Chemicals	408.35	279.96
TOTAL	**408.35**	**279.96**
NOTE 19.c: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (RUBBER CHEMICALS)		
Inventories at the end of the year:		
Finished goods	6,600.92	5,544.11
Work-in-progress	804.02	851.89
Stock-in-trade	50.52	20.85
Inventories at the beginning of the year:	7,455.46	6,416.85
Finished goods	5,544.11	6,810.23
Work-in-progress	851.89	712.58
Stock-in-trade	20.85	23.78
	6,416.85	7,546.59
Increase/(Decrease) in excise duty on closing stock of finished products	189.46	(177.88)
Net (increase)/decrease	**(849.15)**	**951.86**
NOTE: 20 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,446.42	2,933.56
Contributions to provident and other funds (Refer Note 32)	396.23	423.62
Staff welfare expenses	431.28	361.68
TOTAL	**4,273.93**	**3,718.86**
NOTE: 21 FINANCE COSTS		
Interest expense on:		
(i) Borrowings from banks (Refer Note No. 27)	1,724.75	336.06
(ii) Others		
- Interest on delayed payment of income tax	-	24.84
- Interest on security deposits	14.02	14.59
TOTAL	**1,738.77**	**375.49**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2014	For the Year ended 31 March 2013
NOTE: 22 OTHER EXPENSES		
Power, Fuel And Other Utilities	6,325.09	5,116.64
Processing Charges	1,408.04	1,118.54
Selling Expenses	1,927.62	1,684.57
Consumption of packing materials	868.58	790.81
Consumption of stores and spare parts	610.77	453.23
Rent Including Lease Rentals	261.78	192.39
Repairs and maintenance - Machinery	406.91	369.37
Repairs and maintenance - Buildings	62.28	71.05
Insurance	83.81	71.64
Rates and taxes	83.57	35.44
Payments to auditors (Refer Note below)	27.09	26.23
Loss on fixed assets sold / scrapped / written off	25.24	1.68
Provision for Doubtful Debts	18.02	-
Net loss on foreign currency transactions	-	11.06
Miscellaneous expenses	2,092.49	1,493.84
TOTAL	**14,201.29**	**11,436.49**
Note:		
Payments to the auditors comprise (net of service tax input credit):		
As auditors - statutory audit	20.97	20.97
- tax audit	3.06	3.06
- certification work	1.50	1.00
For reimbursement of expenses	1.56	1.20
TOTAL	**27.09**	**26.23**

23. Contingent liability in respect of:

(₹ in Lakhs)

		2013 - 14	2012 - 13
(a)	Claims against the Company not acknowledged as debts	**62.27**	140.58
(b)	Central excise duty and Customs duty demands disputed	**65.78**	139.00
(c)	Income tax demands disputed	**1,074.30**	865.83
(d)	Sales tax demands disputed	**393.81**	364.36
	Note: The Company has contested / filed appeals in respect of the aforesaid disputed matters before the authorities. The management is hopeful that matters will be decided in favour of the Company.		

24.	Estimated amount of contract remaining to be executed on capital account and not provided for (net off advances)	**149.26**	142.80

25. The Group is primarily engaged in the business of manufacturing and trading of rubber chemicals, which, in the context of AS 17 on 'Segment Reporting', constitutes a single reportable segment.

26. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, offices, godowns, etc.). These lease arrangements are ranging between 11 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms. The aggregate lease rental expenses and income is ₹ 261.78 lakhs (previous year ₹ 192.39 lakhs) and ₹ 36.75 lakhs (previous year ₹ 27.00 lakhs) respectively.

Future minimum lease payments in respect of non-cancellable leases are as follows:

(₹ in Lakhs)

Particulars	2013 - 14	2012 - 13
Payable not later than one year	**5.50**	6.71
Payable later than one year but not later than five years	**-**	5.50
Payable later than five years	**-**	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

(₹ in Lakhs)

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

28. Related Parties

(A) Name of related parties and description of relationship

(i) Enterprises over which Directors and Relatives of such personnel exercise significant influence:
Navin Fluorine International Limited
Mafatlal Industries Limited

(ii) Key Management Personnel:
Mr. C. R. Gupte
Mr. S. R. Deo (w.e.f. – 1st January 2014)

(B) Transactions with related parties

(₹ in Lakhs)

Nature of Transactions	2013 - 14	2012 - 13
Purchase of Materials / Services:		
- Navin Fluorine International Limited	**4.68**	7.02
Reimbursement of Expenses:		
- Mafatlal Industries Limited	**13.11**	15.10
Remuneration Paid to:		
Key Management Personnel		
- Mr. C.R.Gupte	**189.97**	184.35*
- Mr. S. R. Deo	**29.08**	-
Rent Paid to:		
- Mafatlal Industries Limited	**-**	21.60
- Navin Fluorine International Limited	**163.80**	96.30
Office / Flat Deposit given		
- Mafatlal Industries Limited	**22.28**	22.28
Trade Creditors Payable		
- Mafatlal Industries Limited	**1.09**	0.54
- Navin Fluorine International Limited	**1.17**	-

Related parties have been identified by the management and relied upon by the auditors.

*Amount includes ₹ 50.00 lakhs being the amount paid on receipt of Central Government approval.

29. Deferred tax

The components of Deferred Tax Liabilities are as under:

(₹ in Lakhs

	2013 – 14	2012 – 13
Depreciation	**3,335.52**	2,819.94
Unabsorbed depreciation carried forward Losses	**(107.84)**	892.18
Provision for doubtful debts and advances	**(108.60)**	(102.48)
Provision for compensated absences, gratuity and other employee benefits	**(436.33)**	(452.58)
Sales Tax set off	**1,398.86**	1,434.20
Others	**(55.33)**	-
Net deferred tax liability	**4,026.28**	2,806.90

30. Earnings per share:

(₹ in Lakhs)

	2013 – 14	2012 – 13
Profit available to Equity shareholders (₹ in Lakhs)	**2,385.40**	4,213.44
Weighted average number of Equity shares for Basic EPS	**160,786,980**	160,786,980
Weighted average number of Equity shares for Diluted EPS	**160,786,980**	160,786,980
Nominal value of Equity share (₹)	**10.00**	10.00
Earnings per share (₹) – Basic	**1.48**	2.62
Earnings per share (₹) – Diluted	**1.48**	2.62

31. ESOP scheme

The details of the Employee Stock Options are as follows:

	2011-12	2010-11	2009-10	2007-08
	Grant 4	Grant 3	Grant 2	Grant 1
Date of grant	**1-April-2011**	**25-May-2010**	**9-June-2009**	**27-Aug-2007**
Contractual life	**10 years**	**10 years**	**10 years**	**10 years**
Outstanding as at 1 April 2013	**973,000**	**973,000**	**425,100**	**425,100**
Granted during the year	**-**	**-**	**-**	**-**
Forfeited during the year	**-**	**-**	**-**	**-**
Exercised during the year	**-**	**-**	**-**	**-**
Outstanding as at 31 March 2014	**973,000**	**973,000**	**425,100**	**425,100**
Vesting Schedule (from the date of grant)				
First Year	**25%**	**25%**	**25%**	**25%**
Second Year	**25%**	**25%**	**25%**	**25%**
Third Year	**25%**	**25%**	**25%**	**25%**
Fourth Year	**25%**	**25%**	**25%**	**25%**
Method of settlement	**Equity**	**Equity**	**Equity**	**Equity**

Had fair value method been used, the compensation cost would have been higher by ₹ 21.35 Lakhs (previous year ₹ 46.09 Lakhs), profit after tax would have been lower by ₹ 14.54 Lakhs (previous year ₹ 44.31 Lakhs) and EPS – both Basic and Diluted – would have been ₹ 1.48 per share (lower by ₹ 0.01) (previous year ₹ 2.59 per share (lower by ₹ 0.03)).

32. Employment and Retirement Benefits (₹ In Lakhs)

				2013 – 14	2012 – 13
1	Post-Employment benefits				
	a)	Defined contribution plans			
		i)	Group's contribution to Provident Fund	**164.88**	145.76
		ii)	Company's contribution to Superannuation Fund	**38.93**	36.65
	b)	Defined benefit scheme			
		Gratuity Funded:			
		i)	Liability recognized in Balance Sheet		
			Change in Benefit Obligation		
			Present Value of Obligations		
			As at 1 April	**1,163.13**	1,080.93
			Service Cost	**38.78**	51.73
			Interest Cost	**93.05**	91.88
			Actuarial Loss on Obligations	**91.22**	26.54
			Benefits paid	**(208.20)**	(87.95)
			As at 31 March	**1,177.98**	1,163.13
			Less: Fair Value of Plan Assets		
			As at 1 April	**1,065.45**	1,012.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Contd...)

				2013 – 14	2012 – 13
			Contribution	97.68	68.25
			Benefits paid	(208.20)	(87.95)
			Actuarial Loss on Plan Assets	(8.41)	(14.62)
			As at 31 March	1,039.21	1,065.45
			NET	138.77	97.68
			Gratuity Unfunded:		
			Present Value of Obligations		
			As at 1 April	657.55	568.72
			Service Cost	23.03	28.34
			Interest Cost	52.62	48.36
			Actuarial Loss on Obligations	(26.22)	70.48
			Benefits paid	(127.31)	(58.35)
			As at 31 March	579.68	657.55
			Net Liability	718.45	755.23
		ii)	Expense during the year		
			Service Cost	61.81	80.07
			Interest Cost	145.67	140.24
			Expected Return on Plan assets	(92.69)	(87.09)
			Actuarial Loss on Obligations	73.42	111.64
			Total	188.21	244.86
		iii)	Principal actuarial assumptions		
			Rate of Discounting	9.33%	8.00%
			Rate of Return on Plan Assets	8.70%	8.70%
			Rate of increase in salaries	4.50%	4.11%
			Attrition Rate	2%	2%
2	Breakup of Plan Assets:				
		i)	Government Bonds	481.16	502.25
		ii)	Corporate Bonds	401.28	403.20
		iii)	Special Deposit Scheme	8.71	8.71
		iv)	Others	148.06	151.29
			TOTAL	1,039.21	1,065.45

The Company expects to contribute ₹ 138.78 Lakhs (previous year ₹ 85.82 Lakhs) to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the Indian Assured Lives Mortality (2006-08) ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of the future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market

(₹ in Lakhs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	**1,757.66**	1,820.68	1,649.65	1,552.29	1,422.13
Plan asset	**1,039.20**	1,065.45	1,012.68	929.47	789.15
Deficit	**718.46**	755.23	636.97	622.82	632.98

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Experience adjustment on liabilities – loss	**145.34**	37.07	57.28	74.49	235.35
Experience adjustment on plan assets – loss	**8.41**	14.62	0.32	75.94	6.74

33. Derivative Instruments and Foreign Currency Exposure

(a) There are no outstanding Forward Exchange Contracts as at 31 March 2014 and 31 March 2013.

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

(Figure in Lakhs)

	2013-2014		2012-2013	
	₹	Foreign Currency	₹	Foreign Currency
Unhedged				
Creditors for goods	**4,166.86**	**USD 68.41 EURO 0.82**	2,182.62	USD 36.80 EURO 2.64
Debtors	**4,311.32**	**USD 62.70 EURO 6.75**	3,813.68	USD 62.20 EURO 6.35
Creditors for expenses	**104.41**	**USD 1.69 EURO 0.04**	66.78	USD 1.21 EURO 0.01

34. The Company has implemented a voluntary retirement scheme at its Navi Mumbai plant. The compensation paid during the current year under the said scheme of ₹ 203.45 lacs has been debited to the statement of Profit and loss and disclosed as an exceptional item.

35. Pursuant to the order of the Hon'ble Bombay High Court regarding the merger of Ensen Holdings Limited and Urvija Investments Limited, the erstwhile subsidiaries of the Company (the merged entities) with another subsidiary company, viz. PIL Chemicals Private Limited (PIL), the Statutory Reserve created under Section 45 IC of Reserve Bank Of India (Amendment) Act,1997 by the respective merged entities were taken over by PIL. During the year, the balance in the said reserve in PIL has been transferred to the balance in Statement in Profit and Loss upon de-registration of the merged entities by the Reserve Bank of India as Non-Banking Financial Companies.

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

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hrishikesh A. Mafatlal
Chairman

C. R. Gupte
Managing Director

C. L. Jain
N. Sankar
S.R. Deo
Directors

A. B. Jani
Partner

V. K. Gupte
Company Secretary

Place : Mumbai
Date : 30 April 2014

NOCIL LIMITED

Regd. Office: Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400 020
T.No. 91-22-66364062, Fax: 91-22-66364060, Website: www.nocil.com
CIN No. L99999MH1961PLC012003 Email: investorcare@nocilindia.com

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall
52nd ANNUAL GENERAL MEETING

Folio No. / Client ID / DP ID :

No. of Shares :

Name of the attending member/ Proxy (in BLOCK LETTERS) :

I hereby record my presence at the **FIFTY SECOND ANNUAL GENERAL MEETING** of the Company being held at 2.30 p.m. on Monday, 30 June 2014 at Rama Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Mumbai– 400 020.

.....
Member's / Proxy's Signature
(To be signed at the time of handing over the Slip)

ELECTRONIC VOTING PARTICULARS

Electronic Voting Event Number	User ID	Password / PIN

Note: Please read the complete instructions given under the Note No. 9 (Procedure for e-Voting through electronic means) to the Notice of Annual General Meeting. The voting time starts from 9 a.m. on 24 June 2014 and ends at 6 p.m. on 26 June 2014 The voting module shall be disabled by NSDL for voting thereafter.

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Proxy Form

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : .....

Registered address : .....

E-mail .....

Folio no./ Client Id / DP Id : .....

No of shares : .....

I / We, being the member(s) of the above named company, hereby appoint:

Name: ..... E-mail : .....

Address : .....

Signature: _____

or failing him / her

Name : ..... E-mail : .....

Address : .....

Signature: _____

or failing him / her

Name : ..... E-mail : .....

Address : .....

Signature: _____

as my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 52nd Annual General Meeting of the Company, to be held on Monday, 30 June 2014 at 2.30 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai-400020, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary business	
1	Adoption of Audited Statement of Accounts for FY 2013-14, etc.
2	To declare dividend on equity shares.
3	Re-appointment of Mr. H.A. Mafatlal as a Director.
4	Appointment and remuneration of M/s. Deloitte Haskins and Sells LLP, as Statutory Auditors of the Company.
Special business	
5	ORDINARY RESOLUTION: Appointment of Mr. S.R. Deo as Director of the Company.
6	ORDINARY RESOLUTION: Appointment and payment of remuneration to Mr. S.R. Deo as Executive Director and President (Technical) of the Company
7	ORDINARY RESOLUTION: Appointment of Mr. C.L. Jain as an Independent Director.
8	ORDINARY RESOLUTION: Appointment of Mr. N. Sankar as an Independent Director.
9	ORDINARY RESOLUTION: Appointment of Mr. Rohit Arora as an Independent Director.
10	ORDINARY RESOLUTION: Appointment of Mr. D.N. Mungale as an Independent Director.
11	ORDINARY RESOLUTION: Appointment of Mr. P.V. Bhide as an Independent Director.
12	SPECIAL RESOLUTION: Payment of Commission to Non-Executive Directors of the company.
13	ORDINARY RESOLUTION : Payment of Remuneration to M/s.Kishore Bhatia & Associates as Cost Auditors.
14	ORDINARY RESOLUTION: Borrowings from Banks and Financial Institutions in excess of paid up capital and free reserves of the company.

Signed this ..... day of ..... 2014.

Affix ₹ 1 Revenue Stamp

.....
Signature of the proxy holder(s)

.....
Signature of the member

Notes: The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.

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 April 2011 and 18/2011 dated 29 April 2011 stating that service of notice / documents including Annual Report can be sent by electronic mode to its members. To support this Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

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

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

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

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

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

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

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

Name of First Member _____

Joint Holder – 1 _____

Joint Holder – 2 _____

e-mail id for registration _____

Date : Signature (1st holder) _____

Regd. Folio No. _____

Designed & Printed by
Rivera Systems

ARVIND MAFATLAL GROUP
The ethics of excellence

NOCIL LIMITED

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