TOWARDS A
SUSTAINABLE FUTURE

Navin Fluorine International Limited
Annual Report 2011-12

ARVIND MAFATLAL GROUP
The ethics of excellence

Shri Arvind N. Mafatlal,
27 October 1923 - 30 October 2011

"To live in hearts we leave behind is not to die."
– Thomas Campbell

Shri Arvind Mafatlal led the Mafatlal Group for nearly six decades with unparalleled success. Later on, he became the core promoter of the Arvind Mafatlal Group and Chairman Emeritus of Navin Fluorine International Limited.

Arvindbhai was a pioneer in the field of petrochemicals in India and established the first integrated petrochemicals and polymer complex in Thane, Maharashtra for National Organic Chemical Industries Limited (NOCIL) and Polyolefins Industries Limited (PIL) in financial collaboration with Royal Dutch Shell and Hoechst respectively. At around the same time in 1967 he introduced fluorochemicals, another pathbreaking industrial segment into India with first-ever manufacturing facility for hydrofluoric acid and downstream products in this part of Asia, while all along leading the original textile business of the group to glory.

Arvindhbai, throughout his distinguished career, demonstrated the ability to balance business pursuits with devotion to philanthropic and spiritual causes. As a leading industrialist, he was associated with a number of trade bodies and academic institutions. He was a Director of the Reserve Bank of India (RBI) and Industrial Development Bank of India (IDBI), Trustee of Bombay Port Trust, Chairman of the Development Council for Textile Machinery (Government of India), Member of the Agricultural Credit Board of Reserve Bank of India and Member of the Central Advisory Council of Industries, among other prominent engagements.

As someone who was closely interested in furthering the cause of education and research in the country, Arvindbhai served as Chairman of the Executive Council of National Chemical Laboratory (Pune), as a Member of the Advisory

His commitment to social responsibility was ahead of its time and a typical example of the same was his idea of empowering women

Committee of Indian Institute of Technology (Powai), as a Member of the Board of Governors of the Indian Institute of Management (Ahmedabad), as a Member of the Governing Body of CSIR as Chairman of Shri Bhagubhai Mafatlal Polytechnic and College of Engineering among others.

It was, however, through his unwavering involvement and tireless personal efforts in support of humanitarian causes that Arvindbhai's true character shone through. As Chairman and Managing Trustee of Shri Sadguru Seva Sangh, Mumbai, he took keen interest in organising and supervising free eye camps in backward and tribal areas of different states. Nearly 12.5 lacs operations have been carried out in the several camps held by the Trust. Arvindbhai also set an example for the world at large by his personal involvement in organising and participating in relief and rehabilitation work during major national calamities like Koyna earthquake, South Gujarat floods, Rajasthan famine, Bihar famine, drought in Maharashtra, Odisha cyclone and the Gujarat earthquake .

His association with BAIF (formerly Bharatiya Agro Industries Foundation) from 1967, culminating in his nomination as Chairman in 1977, resulted in exemplary implementation of various community development and relief projects for sustainable rural development, food security and clean environment. He, along with the legendary freedom fighter Shri Manibhai Desai, did remarkable work in the field of cattle development, animal health laboratory facilities, tribal rehabilitation as well as resource (water and land) development. His commitment to the cause of social responsibility was ahead of its time and a typical example of the same was his idea of empowering women at the lowest roots of the society much before others started working on this concept. The sincere approach of BAIF under Arvindbhai's leadership evoked active responses from different state governments and various organisations like NABARD who came forward to add to this movement. The result is that BAIF programmes now benefits more than 4.4 million families across 16 Indian states.

Arvindbhai was not only respected for his business achievements but also for his character, values and principles which he practiced throughout his life time. His philosophy of social upliftment is best summed up in four words famously coined by him viz. anna (livelihood), akshar (literacy), arogya (health) and aacharan (moral character). While most would have been happy to only provide funds, Arvindbhai worked shoulder to shoulder with volunteers across regions, comfortable in sitting on the ground and sharing a frugal meal with the underprivileged.

Arvindbhai's contribution was extensively recognised: he was a recipient of the Durga Prasad Khaitan Memorial Gold Medal (1966), Business Leadership Award of Madras Management Association (1971), Indian Merchants' Chamber Award (1975), Sir Jehangir Ghandy Gold Medal for Industrial Peace of Xavier Labour Relations Institute (1978), Honour of Maharashtra Economic Development Council (1985), Lions' Humanitarian Award by the International Association of Lions Clubs (US) (1993) and Rotary Club of Bombay's Citizen of Bombay Award for 1995.

We are truly indebted and grateful to Arvindbhai for his contribution to the growth of the industry and the well being of society by being an exemplary leader who lived his entire life by his values. We at NFIL, now dedicate ourselves to continue our journey on the path shown by him over these past decades.

In his passing away, the world has lost a unique personality–a business genius with a compassionate heart, and a gentle and sensitive individual.

May his soul rest in peace.

Forward-looking statement

In this Annual Report the forward-looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, arising as a result of new information, future events or otherwise.

Contents

CORPORATE INFORMATION

Board of Directors

Shri H.A. Mafatlal	*Chairman*
Shri T.M.M. Nambiar	*Director*
Shri P.N. Kapadia	*Director*
Shri S.S. Lalbhai	*Director*
Shri S.M. Kulkarni	*Director*
Shri R. Sankaran	*Director*
Shri V.P. Mafatlal	*Director*
Shri S.G. Mankad	*Director*
Shri A.K. Srivastava	*Finance Director*
Shri S.S. Khanolkar	*Managing Director*

Company Secretary

Shri N.B. Mankad

Bankers

State Bank of Hyderabad
AXIS Bank Limited
HDFC Bank Limited

Auditors

Messrs Deloitte Haskins & Sells
Chartered Accountants

Solicitors

Vigil Juris

Registered Office

2nd Floor Sunteck Centre 37/40 Subhash Road
Vile Parle (East) Mumbai 400057
Tel: 91 22 6650 9999, Fax: 91 22 6650 9800
E-mail: info@nfil.in
Website: www.nfil.in

Units

Navin Fluorine, Surat 395023 (Gujarat)
Navin Fluorine, Dewas 455022 (M.P.)

Registrar & Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.
Samhita Warehousing Complex 2nd floor
Gala No. 52 to 56 Bldg. No.13A-B
Near Sakinaka Telephone Exchange Andheri-Kurla Road
Sakinaka Mumbai 400072
Tel: 91 22 6772 0300 / 0400, Fax: 91 22 2859 1568 / 2850 8927
E-mail: sharepro@shareproservices.com

Investor relations centre

Sharepro Services (India) Pvt. Ltd.

1. 912 Raheja Centre
   Free Press Journal Road
   Nariman Point Mumbai 400021
   Tel: 91 22 6613 4700
   Fax: 91 22 2282 5484
   E-mail: sharepro@shareproservices.com
2. Devnandan Mega Mall
   Office No.416-420 4th Floor
   Opp. Sanyas Ashram
   Ashram Road Ahmedabad 380006
   Tel: 079 26582381/84

14th Annual General Meeting

On Monday,18th June 2012
At 3.00 p.m. at Rama Watumull Auditorium
K.C. College Dinshaw Wacha Road
Churchgate Mumbai 400020

1. Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.
3. The Listing Fees for the year 2012-13 have been paid by the Company to Mumbai, Ahmedabad and National Stock Exchanges where the shares of the Company are listed.

CHAIRMAN'S REVIEW

Navin Fluorine International Limited reported its best year so far. This was due to a combination of very good operational performance, record inflows from carbon credits and gains arising from exceptional items.

The Company reported a 63% increase in revenues from operations and a 323% growth in its profit after tax for 2011-12. Operational revenues grew 28% from Rs. 35,241 lac in 2010-11 to Rs. 45,196 lac in 2011-12.

The Company was allocated all its entitled CERs in 2011-12. Until July, the prices were fairly strong and weakened as the year progressed. The economic uncertainties in the EU are still continuing, thereby putting price pressures on the CERs.

Challenges

The Company's operational performance diverged during the two halves of the financial year under review. Demand was upbeat during the first half of the financial year. While raw material prices were increasing, we were able to recover most of the cost increase. However, the global economy suddenly weakened in the second half, creating a high-cost inventory and slowing customer demand. High volatility in the foreign exchange rates also posed challenge during the year.

Business evolution

NFIL has always been an innovative company. The Company deals in manufacture of fluorine compounds strictly regulated by environment protection agencies. Till 2002-03, the Company was largely a refrigerant manufacturer that enjoyed a seller's market. The Montreal Protocol phased out CFC gas manufacture and in view of this, the Company embarked on the decision to shift its dependence from refrigerant gas manufacture to specialty fluorochemicals.

Navin Fluorine is attractively positioned for the future. The Company is now taking its business ahead through various initiatives. The Company's investment in research has translated into new molecule development and process

Navin Fluorine is attractively positioned for the future and is taking its business ahead through various initiatives.

During the year, we invested and commissioned a new cGMP (current Good Manufacturing Practice) pilot plant at Dewas.

optimisation. The Company has been investing in research, pilot plant and multi-product plants during the last couple of years. This integrated asset is now becoming a cornerstone for growth of our specialty business. By enabling ourselves with a capability of serving research solutions and quantities from grams to tonnes, we are able to develop strong customer relationships.

Your Company has also been substantially investing in various initiatives in enhance its commitment to safety, health and environment.

Growth initiative

We have been continuously investing in our new growth vertical of CRAMS (contract research and manufacturing services).

In 2011-12, the Company acquired a 51% stake in a UK-based company Manchester Organics Limited, a research-driven organisation with a rich competence in fluorine chemistry. The acquired company is engaged in valuable research partnerships with global pharma and agrochemical companies. It possesses a catalogue of more than 12,700 compounds, making it one of the select research-led companies of its kind in the world.

During the year, we invested and commissioned a new cGMP (current Good Manufacturing Practice) pilot plant at Dewas. This will help us develop value-added pharmaceutical ingredients and strengthen our relationship with global pharmaceutical companies.

The Company also acquired around 85 acres in Dahej (Gujarat) for its expansion plans.

Corporate social responsibility

During the year under review, in honour of late Chairman Emeritus Shri Arvind Mafatlal, the Company created the Arvind Mafatlal Foundation for various public charitable objectives.

Optimism

There is a sense of optimism at Navin Fluorine for good reasons.

A combination of various initiatives will drive our growth beyond 2012 in a sustainable way as we gradually move away from CERs in the coming years. We have a very strong management set up to take the Company forward on the growth path.

With income potential from CERs expected to last only up to 2013, we are progressively investing in strengthening our core competence in specialty fluorochemicals. Our investment in production assets is ready and expected to deliver attractive revenues.

In appreciation

In conclusion, I would like to express my gratitude to our shareholders, employees, bankers, customers, suppliers, advisors and other partners for their continued support and we assure you that we will endeavour to enhance value for our entire stakeholding family.

Sincerely,

H. A. Mafatlal
Chairman *Dated 30th April 2012*

NOTICE

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Members of the Company will be held on Monday, the 18th June 2012 at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020 to transact the following business:

1. To consider and adopt the Directors' Report, the Audited Financial Statements including Profit and Loss Account for the year ended 31st March 2012 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To confirm the payment of Interim Dividend on equity shares for the year 2011-12 and to declare a final dividend and a special dividend for the year 2011-12 on equity shares.
3. To appoint a Director in place of Shri S. S. Lalbhai who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P. N. Kapadia who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd. Office:
2nd Floor Sunteck Centre
37/40 Subhash Road
Vile Parle (East)
Mumbai 400057

By Order of the Board

N. B. Mankad
Company Secretary

Mumbai,
Dated: 30th April 2012

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 11th June 2012 to Friday 15th June 2012 (both days inclusive) for the purpose of payment of dividend, if any.
3. The final and special dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on Thursday, 21st June 2012.
4. Shri S. S. Lalbhai and Shri P. N. Kapadia Non-Executive Independent Directors, seeking reappointment at this meeting hold 500 and 1,385 equity shares respectively in the Company.
5. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. The Company has already transferred the unclaimed/unpaid dividend declared for the year 2004 to the said fund. Members who have so far not claimed the dividends declared for any subsequent financial year(s) thereafter are requested to make claim with the Company immediately as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
6. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the company and has issued circulars allowing service of notices/documents including annual report by e-mail 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 the same, in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail addresses registered with the Registrar and Share Transfer Agent.

Particulars of the Directors seeking appointment/reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Name	Shri S. S. Lalbhai	Shri P.N. Kapadia
Age	51 years	60 years
Date of Appointment / Reappointment	3rd March 2003	21st January 2003
Expertise in functional areas	He is an industrialist having varied experience of more than 28 years in chemicals & general management	Advocate & Solicitor
Brief resume	B.Sc., M.S. (Chemistry), U.S.A., M.S. (Economy Planning & Policy), Boston, U.S.A.	B.A., L.L.B. Experience of more than 34 years in the legal field. He is a partner of Vigil Juris, Advocates & Solicitors, Mumbai.
Name of the Companies in which he holds Directorship / Committee Memberships	**Director in:** Atul Ltd. Wyeth Ltd. Atul Bioscience Ltd. Atul Rajasthan Date Palms Ltd. Amal Ltd. **Committee Membership:** **Audit Committee:** Navin Fluorine International Ltd. **Share Transfer and Shareholders / Investors Grievance Committee:** Atul Ltd. Wyeth Ltd. **Remuneration Committee:** Navin Fluorine International Ltd.	**Director in:** Afcons Infrastructure Ltd. Sumangala Investments Pvt. Ltd. HTA Marketing Services Pvt. Ltd. Mafatlal Denim Ltd. Hindustan Thompson Associates Pvt. Ltd. Gokak Textiles Ltd. C3 Advisors Pvt. Ltd. **Committee Membership:** **Audit Committee:** Mafatlal Denim Ltd. Afcons Infrastructure Ltd. Navin Fluorine International Ltd. **Shareholders/Investors Grievance Committee:** Afcons Infrastructure Ltd. Navin Fluorine International Ltd. **Remuneration Committee:** Afcons Infrastructure Ltd.

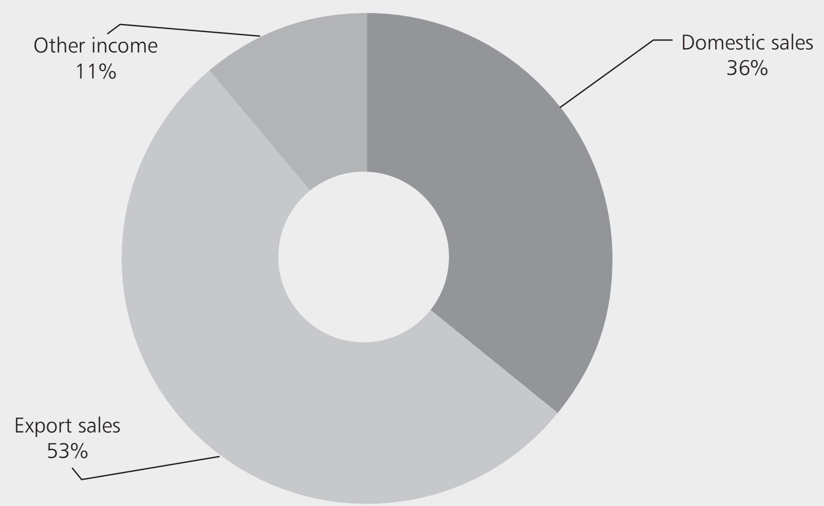
SUMMARISED FINANCIAL DATA

(Rupees in lacs)

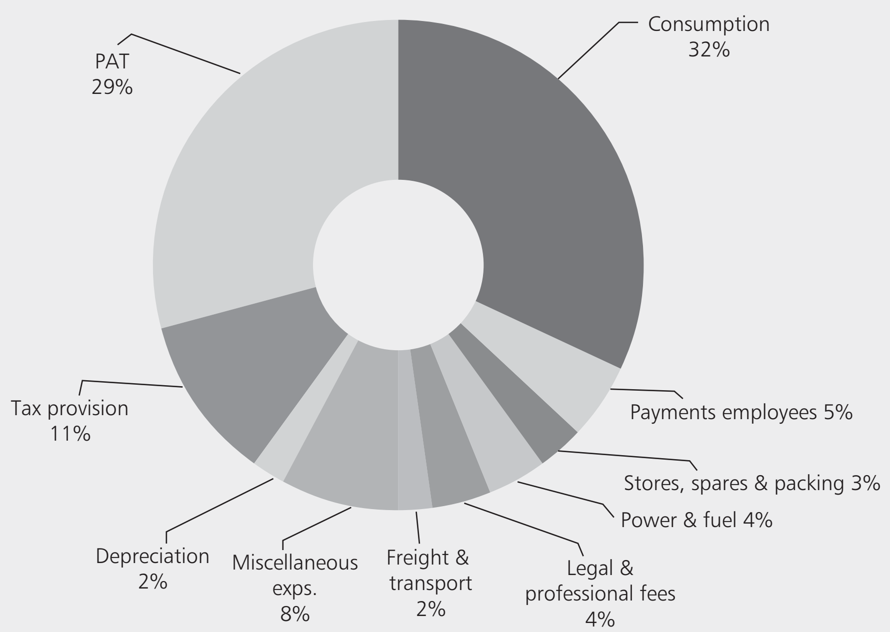
Particulars	Financial Year							
	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12
PROFIT & LOSS ACCOUNT								
Total Income	24712	23828	27392	29544	42262	43723	44113	79486
Profit before Depreciation, Interest, Exceptional Items and Tax	5579	3483	4580	4058	10178	13589	12313	34071
Exceptional Items	(2181)	(121)	(260)	(506)	(757)	–	–	–
Finance costs	(711)	(818)	(783)	(890)	(863)	(249)	(360)	(354)
Depreciation, Amortisation and Impairment	(657)	(750)	(883)	(1148)	(1718)	(1107)	(1354)	(1773)
Profit before Tax	2030	1794	2655	1514	7309	12233	10599	31944
Profit after Tax	242	855	1260	788	4529	7436	7164	23124
Dividend (Rs. per share)	2.00	3.00	4.00	4.00	10.00	14.00	15.00	75.00*
Earning per share (EPS) Rs	3.59	9.54	12.47	7.81	44.84	73.63	71.11	236.90
BALANCE SHEET								
Net Fixed Assets	11801	14166	17252	18312	17396	17793	20491	24168
Investments	2262	2262	1743	1625	1625	85	4776	20494
Current Assets (Net)	7619	9963	9780	9942	10860	14455	14734	15873
Total Application	21946	26391	28775	29879	29881	32333	40002	60536
Borrowings	7009	8807	9247	9175	5264	1136	4907	9334
Net Worth	14937	17426	18567	19239	22902	29098	33180	48337
Total Sources	21946	26391	28775	29879	29881	32333	40002	60536
Book value per Equity Share (Rs) (Face value - Rs.10 per Share)	147.90	172.54	183.84	190.48	226.75	288.10	339.92	495.20
Debt/ Equity Ratio	0.47	0.51	0.50	0.48	0.23	0.04	0.15	0.19
Operating EBIDTA (%)	23%	15%	17%	14%	25%	31%	28%	43%
Profit After Tax (%)	1%	4%	5%	3%	11%	17%	16%	29%
Return on Net Worth (%)	2%	5%	7%	4%	21%	29%	23%	57%
Return on Capital Employed (%)	14%	11%	12%	8%	27%	40%	30%	64%

* Including special dividend of Rs. 60/-

Rupee Earned (%)



Rupee Spent (%)



DIRECTORS' REPORT

To
The members,
Navin Fluorine International Limited

Your Directors are pleased to present the Fourteenth Annual Report together with the audited accounts for the year ended 31st March 2012.

1. Financial Results

(Rupees in lacs)

	Current Year	Previous Year
Operating Income	70386	43074
Other income (including non-recurring income)	9101	1039
EBIDTA	**34071**	**12313**
Less: Depreciation	1773	1355
Interest	354	360
Tax	8820	3434
Profit After Tax	**23124**	**7164**
Add: Surplus brought forward from the previous year	13223	8502
Amount available for appropriation	**36347**	**15666**
Appropriation		
Transfer to general reserve	2320	716
Interim Dividend	830	656
Proposed Final Dividend	634	830
Proposed Special Dividend	5857	–
Corporate dividend tax	1188	241
Surplus carried to Balance Sheet	**25518**	**13223**

Note: Figures are regrouped wherever necessary to make the information comparable.

2. Dividend

Your Company declared interim dividend of Rs. 8.50 per share in the month of October 2011 aggregating to Rs. 829.69 lacs for 9761097 equity shares of nominal value of Rs. 10/- each. The Board of Directors is pleased to recommend a final dividend for the year of Rs. 6.50 per share on 9761097 equity shares of nominal value of Rs. 10/- each, aggregating to Rs. 634.47 lacs and a special dividend of Rs. 60/- per share aggregating to Rs. 5856.66 lacs on 9761097 equity shares of nominal value of Rs. 10/- each for the year ended 31st March 2012.

3. Year in retrospect

Revenue from operations increased by 63% from Rs. 43074 lacs to Rs. 70386 lacs during the year. Income from sale of carbon credits increased from Rs.7833 lacs to Rs. 25190 lacs and the revenue from rest of the business increased from Rs. 35241 lacs to Rs. 45196 lacs.

Profit before tax increased by 307% from Rs.10599 lacs to Rs. 32467 lacs and profit after tax grew by 328% from Rs. 7164 lacs to Rs. 23124 lacs.

Fiscal 2012 has been significant in many ways;

- The Company achieved its highest ever sales and profits during the year.
- Money advanced to Mafatlal Industries Limited (MIL) and/or the group companies to support MIL's restructuring have been received back by the Company, including interest wherever applicable, except Rs. 3000 lacs which remained invested as on 31st March 2012 in the fully redeemable non-cumulative preference shares of MIL and which is expected to be redeemed soon.

As reported earlier, the Company invested in fully redeemable non-cumulative preference shares of MIL in the year 2004-05 pursuant to the order of the BIFR in the matter of MIL's financial restructuring. During the year 2010-11, MIL's net worth turned positive and it was out of the purview of BIFR. During the year, MIL redeemed such preference shares worth Rs. 3000 lacs (face value) as they could leverage the idle assets and improve liquidity. In view of the aforesaid, a provision of Rs. 5940 lacs made in an earlier year towards diminution in the value of investments in MIL preference shares has been written back as no longer required. Similarly, provisions made for Rs. 1552 lacs towards diminution in value of investments made in Mafatlal Denim Limited has also been written back as no longer required. On these two counts, the aggregate amount of Rs. 7493 lacs have been written back to the Profit & Loss Account of the Company.

2011-12 started on a high with strong demand pull from the FMCG, pharma, agro and chemical industries, both in and outside of India. However, as the year progressed, the financial crisis deepened in Europe, the US industry indicators continued to remain weak resulting in an overall slowdown in demand in those economies which finally impacted the finished product prices adversely, creating a price-cost imbalance in strategic raw materials.

In India, the weakening of the rupee put enormous inflationary pressures on the economy in the second half of the current year under review forcing the government to take fiscal measures which stagnated public spending, reduced capital and consumer spending which eventually resulted into weakening of overall market demand for the final products of the Company's customers. This in turn adversely impacted the Company's volumes and prices in the second half of the year.

The Indian rupee vis-à-vis the US $ started the year at 44.45 and was closely range-bound until September when it started weakening rapidly. It reached Rs. 54.26 by mid-December before starting to cool off only to reach 48.92 in the first week of February 2012. The Euro followed suit starting the year at 63.23 to a rupee, rising to 71.08 during the last week of November and coming down to 64.12 in February 2012.

Since December 2010, the issuance of carbon credits by the United Nations Framework Convention on Climate Change (UNFCCC) got regularised and no inordinate delays have been faced by the Company in the issuance of its carbon credits. However, as the financial crisis deepened and prolonged in the European Union, the primary market for carbon credits, the Certified Emission Reduction (CER) prices took a sharp hit coming down from Euro 12 per CER to a level of Euro 4 by December. No near term price correction is expected though the Company will be able to sell its full quantity of carbon credits generated till December 2012. It is now certain that the carbon credits generated by the Company, classified as CERs from industrial gases, will not be accepted as a carbon off-set instrument beyond May 2013 by the European Union Emission Trading Scheme, thereby severely restricting their marketability and value proposition.

The Company took several long-term, futuristic steps in the past three years by making sizable investments in:

- R&D and pilot plant
- Multi-product plant at Surat
- Contract Research Organisation at Surat
- Contract Research and Manufacturing Services (CRAMS) facility at Dewas

Following these significant investments and commissioning of the facilities, the Company is now ready to meet changing customer needs and provide flexible product mix from the enhanced process capabilities. This will also enhance the product pipeline for future growth of the Company.

On the 3rd May 2011, the Company made a strategic investment by taking a 51% stake in a research company called Manchester Organics Limited (MOL), in the U.K to derive value from their fluorine R&D which can eventually lead to scale-up operations in India. This will enhance presence of the Company among the R&D fraternities and customers in Europe and the United States. The integration between the Company and MOL is proceeding as per plan and the synergy advantages have already started to show up.

Your Company is alert to its responsibilities in health, safety and environmental management. The Company makes sizable investments in HSE year on year.

The rating of the Company has now been upgraded to 'CARE AA-'(indicating high degree of safety regarding timely servicing of financial obligations and very low credit risk) for borrowings with a tenure of more than one year and fund-based facilities. The rating for short-term facilities (less than one year) has been maintained at 'CARE A+' (indicating very strong degree of safety regarding timely servicing of financial obligations and lowest credit risk) for its non-fund based facilities.

During the year the Company acquired land from the Gujarat Industrial Development Corporation at Dahej for a consideration of Rs. 2596 lacs which also includes some basic land development costs. This land will be used for the future expansion plans of the Company which are currently under various stages of consideration.

During the year, the Company signed a Memorandum of Understanding (MOU) with Gujarat Mineral Development Corporation (GMDC) and Gujarat Fluorochemicals Limited (GFL) to enter into a Joint Venture for the beneficiation of fluorspar ore to be supplied by GMDC to ensure long term supply of fluorspar, which is a key raw material for the Company. It is expected to come on stream during the later part of 2012-13.

The strong cash flows during the year have been preserved and deployed in high yield, low risk financial instruments and bank fixed deposits.

During the year, residual debentures worth Rs.140 lacs were repaid and as on 31st March 2012 the Company has no long-term borrowing.

4. Subsidiary and Associates

Sulakshana Securities Limited (SSL), created through the Sanctioned Scheme of Rehabilitation (SS) of Mafatlal Industries Limited (MIL) to settle dues of the term lenders of MIL, continued to remain a wholly-owned subsidiary of your Company.

During the year, the Company acquired 5100 equity shares of £0.01 each (51% stake) in Manchester Organics Limited (MOL), a company in U.K. engaged in specialised chemical research. Accordingly, from 3rd May 2011, the said MOL has become a subsidiary of your Company.

As per the general exemption granted under Section 212(8) of the Companies Act, 1956, by the Government of India, Ministry of Corporate Affairs, New Delhi vide its General Circular No.2/2011, dated 8th February 2011, Balance Sheet and Profit and Loss Account, Directors' Report and the Auditors' Report of the subsidiary companies have not been attached with the Balance Sheet of the Company.

However, other details required to be given as per the said General Circular No.2/2011, dated 8th February 2011 have been disclosed in the Annual Report.

The Annual Accounts and related information of the subsidiary companies are open for inspection by any member/investor at the Registered Office of the Company on any working days between 2.00 p.m. and 4.00 p.m. and the Company will make available these documents/ details upon request by any member of the Company who may be interested in obtaining the same. The annual accounts and related information of the subsidiary company are also available on the Company's website.

Your Company continues to hold 43% of the equity share capital of Mafatlal Denim Limited (MDL) which is its only associate company.

5. Industrial Relations

There were cordial and harmonious industrial relations during the year and the management received full cooperation from the employees.

During the year, extensive training and developmental activities were undertaken, both in-house and out-bound for the employees. Various efficiency and quality improvement initiatives were conducted including some functional and behavioral training programs. A new managerial performance system called Balanced Score Card has been introduced during the year to bring in higher levels of synergy among various functions and departments and align their goals and objectives to the broader organizational goals. The total number of employees as on 31st March, 2012 was 571.

6. Insurance

The properties and insurable assets and interests of your Company, like building, plant and machinery and stocks, among others, are adequately insured.

7. Particulars of Employees

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

8. Energy, Technology and Foreign Exchange

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 Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

9. Employee Stock Option Scheme 2007

Pursuant to the provisions of Guidelines 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999, as amended, the details of stock options as on 31st March 2012 under the "Employee Stock Option Scheme 2007" are set out in the Annexure to the Directors' Report.

10. Reports on Corporate Governance and Management Discussion Analysis

As required under the Listing Agreement with Stock Exchanges, reports on corporate governance as well as management discussion and analysis are attached and forms part of the Directors' Report.

11. Directorate

Shri S. S. Lalbhai and Shri P. N. Kapadia both retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

12. Directors' Responsibility Statement

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors report that:

i) In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures.

ii) The Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent. The purpose was to give a true and fair view of the state of affairs of your Company and the profit of the Company at the end of the financial year.

iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding your Company's assets and for preventing and detecting fraud and other irregularities.

iv) The Directors prepared the annual accounts on a going concern basis.

13. Auditors

At the Annual General Meeting, members are requested to appoint Auditors for the current year and fix their remuneration. The specific notes forming part of the accounts referred to in the Auditors' Report are self-explanatory and give complete information.

14. Cost Auditors

As per the requirements of the Central Government and pursuant to the provisions of Section 233 B of the Companies Act, 1956, the audit of the Cost Accounts relating to sulphuric acid is being carried out every year. The Company has appointed Shri I.V. Jagtiani, Cost Auditor, Mumbai to audit the cost accounts for the year 2011-12 from 1st April 2011 to 31st March 2012 for which necessary approval from the Central Government has been received. The Cost Audit Report in respect of Financial year 2011-12 will be filled on or before the due date i.e. 27th September, 2012.

15. Donation

During the year under review, the Company, as a settlor, created Arvind Mafatlal Foundation for various public charitable objectives. During the year, in fulfillment of its Corporate Social Responsibilities, the Company made a donation of Rs.531.50 lacs for various charitable and other purposes.

16. Appreciation

The Directors wish to place on record their appreciation of the devoted services of the employees, who have largely contributed to the efficient management of your Company. The Directors also place on record their appreciation for the continued support from the shareholders, the lenders and other associates.

For and on behalf of the Board,

Mumbai,
Dated: 30th April 2012

H. A. Mafatlal
Chairman

Annexure to the DIRECTORS' REPORT

1. Conservation of Energy

A. Energy Conservation measures taken:

1) Achieved power savings by choosing better technology compressor
2) Right sizing of motors resulted in power savings
3) Modification of the design of distillation column to achieve higher separation efficiency, hence reducing the steam consumption.
4) Replacement of old motors with energy efficient motors
5) De-scaling of cooling water circuits
6) Side stream filters to avoid sedimentation and hence scaling in cooling water circuits

B. Additional investment and proposal, if any being implemented for reduction in consumption of energy:

1) To optimize the steam distribution network, so as to get minimum pressure drops in supply lines.
2) Condensate recycle scheme for waste heat boiler to generate additional steam
3) Optimization of cooling towers
4) Optimization of brine compressor network.
5) Waste heat recovery in kiln heating system to save additional natural gas.
6) Continuation of last years change, i.e. delta mode replaced by star mode.
7) Replacement of mal-functioning steam traps with more efficient steam traps

C. Impact of the measures at (A) and (B) above, for the reduction of energy consumption and consequent impact on the cost of production of goods

1) Power requirement in certain products has come down to 2600 KWH/MT from 3000 KWH/MT
2) Cooling tower optimization will give a chance to save approx 200 HP of power consumption by CW pumps
3) Compressor circuit optimization will allow to switch off minimum one chilling compressor and maximum of 2.
4) Steam condensate recycle will give us additional steam of 400 kg /hr (Approx).
5) By shortening path of steam, we can reduce the pressure drops in the line and will be in position to provide 5 kg steam required to certain reactions.

D. Total energy consumption and energy consumption per unit of production

The particulars are furnished in the prescribed Form A annexed hereto.

2. Technology Absorption

Efforts made in technology absorption are furnished in prescribed Form B annexed hereto.

3. Foreign Exchange Earnings and Outgo

A. Activities relating to export initiatives taken to increase exports, developments of new export markets for products and services and export plans.

As a sizeable income of your Company comes in foreign exchange as a result of its large exports of refrigerant gases, specialties and carbon credits. The export teams regularly visit the markets, customers and end-users of different products. Along with the technical and the R&D team, the export group of your Company participated in all major trade fairs and exhibitions such as CPHI, Chem Outsourcing, Chemspec and Informex to improve your Company's visibility amongst global customers and to get exposed to newer developments, markets and geographies. Inquiries emerging out of such trade fairs and exhibitions are followed up by teams through customer visits and interactions.

With India's growing importance as a low-cost manufacturing base with good health, safety and environment practices, your Company sees a great export potential in many of its products.

Visits were also made to different carbon credit related fairs to enhance the knowledge on the latest developments in this space, keeping in contact with existing customers and add new customer contacts.

B. Total foreign exchange used and earned

(Rupees in lacs)

	Current Year	Previous Year
Total foreign exchange used	20,166.60	11,569.77
Total foreign exchange earned	41,625.12	20,905.20

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

	Current Year	Previous Year
(A) POWER & FUEL CONSUMPTION		
(1) Electricity		
(a) Purchased		
Units (in Kwh)	8484125	5815700
Total Cost (Rs.)	62866359	38687586
Rate/Unit (Rs.)	7.41	6.65
(b) Own Generation		
Through Captive Power Plant		
Units (in Kwh)	24075011	27082953
Unit per M3 of Natural Gas (Kwh)	3.50	3.59
Cost/Unit (Rs.)	6.31	4.82
(2) Others		
a. High Speed Diesel (HSD)		
Quantity (K. Ltrs)	215	150
Total Cost (Rs.)	9607306	6267383
Rate/Unit (Per K. Ltr)	44685	41716
b. Natural Gas		
Quantity (Cub. Mtrs)	11534436	12605031
Total Cost (Rs.)	254816190	218018409
Rate (Rs./Cub Mtrs)	22.09	17.30
c. Water		
Quantity (K. Ltrs)	849339	769384
Total Cost (Rs.)	2464047	1181500
Rate (Rs./K. Ltrs)	2.90	1.54
d. Light Diesel Oil (L.D.O.)		
Quantity (K. Ltrs)	5294	–
Total Cost (Rs.)	220274	–
Rate (Rs./K. Ltrs)	41.61	–
(B) CONSUMPTION PER UNIT OF PRODUCTION		
(1) Electricity (Kwh/Mt)	1120	1065
(2) Furnace Oil (K Ltrs/Mt)	–	–
(3) Natural Gas (Cub. Mtrs/Mt)	396.82	408.11
(4) Others (K Ltrs/Mt)	28.66	24.91

Production	MT	MT
Synthetic Cryolite, Aluminium Fluoride & Fluorocarbon Gases	8823	10554
Misc. Fluorides	20244	20332
Total	**29067**	**30886**

FORM B

A) Research and Development

1. **Specific areas in which R&D is carried out by your Company**

   The R&D efforts of the Company are directed towards the following:

   a) Work for, and support manufacturing, in achieving improvement in processes, consumption norms and overall reduction in manufacturing cost of all existing products.

   b) Developing new catalytic processes and techniques to introduce fluorine moiety into chemical entities, both organic and inorganic, to be used as fluorinated intermediates in advanced agro, pharmaceutical, dyestuffs, electronic and renewable energy applications in industry.

   c) Development of specific catalysts for reduction of cycle time, improved outputs in quality and quantity and reduction in waste generation.

2. **Benefits derived as a result of the above R&D**

   Following benefits were derived from the above R&D:

   a) Higher value Chain products were added to the portfolio of Speciality Fluorochemicals using both the basic raw materials as well as the fluorinated intermediates made in-house.

   b) Reinforced the existing customer base and further increase in numbers of companies added to the list of the customers both in domestic and overseas segments.

   c) The Company's competitive positioning was further strengthened and its reliability as a potential strategic vendor continues to grow as is evident from the growth in the overall business of the Company.

3. **Future plan of action**

   Our state-of-the-art R&D centre along with quality assurance centre work with a focused approach to developed advanced fluorinated intermediates for Agro and Pharma industry. Going forward R&D centre will concentrate on creating further value addition for customers with the aim of making the company more competitive.

4. Expenditure on R&D

(Rupees in lacs)

	Current Year	Previous Year
a) Capital Expenditure	241.73	27.17
b) Recurring Expenditure	587.46	434.75
c) Total	829.19	461.92
d) Total R&D expenditure as a % of total turnover	1.03	1.03

B) Technology absorption, adaptation and innovation

1. **Efforts in brief were made towards technology absorption, adaptation and innovation:**

   The R&D team equipped with online support of latest literature information on processes, technology, environment control and advanced practices in process safety uses it to design and develop reaction techniques and processes, simulate and develop scaleup studies for environmental as well as commercial impact after which the lab processes are developed and are scaled up to pilot and semi commercial scales.

   Continued interaction with customers through our Marketing division helps in modifying product profile and quality as desired. It also helped in supporting the customers with their development programs of molecules by supplying them fluorinated intermediates from their R&D stage to multiton scale, by bringing in years of experience and knowhow in fluorination processes and technologies.

2. **Benefits derived as a result of above efforts:**

   As stated above

3. **Information regarding technology imported during the last five years:**

   (i) Technology imported – Thermal oxidation of HFC 23

   Year of import – Technology was imported during the year 2006-07

   (ii) Has technology been fully absorbed – Yes

   (iii) If not fully absorbed, not taken place, reasons therefore and future plans of action – Not Applicable

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 in force at the beginning of the year	36300
b.	Options granted	Nil
c.	Options vested	8075
d.	Options exercised	Nil
e.	Options lapsed / surrendered	4000
f.	Total number of shares arising as a result of exercise of options	Nil
g.	Total number of options in force at the end of the year	32300
h.	Money realised by exercise of options	Nil
i.	The pricing formula:	Market price on the days preceding the dates of grants
j.	Variation in terms of option	Nil
k.	Employee wise details of options granted	
	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
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Nil, since no option has been exercised
m.	Impact of employee compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP	Rs. 6.73 lacs
n.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options	
	(1) Weighted average exercise price	Rs. 381 per share
	(2) Weighted average fair value (Black Scholes model)	Rs. 191 per share

* Employee wise details of options granted / in force at the end of the year

	Name	Nos.
1	Shri Atul Srivastava	8700
2	Shri Shekhar Khanolkar	8000
3	Shri Partha Roy Chowdhury	4000
4	Shri Sunil Tandon	2200
5	Shri Biren Kapadia	2100
6	Shri Niraj Mankad	1900
7	Shri Ketan Sablok	1400
8	Shri Manoj Pandya	1600
9	Shri L N Ravi	1500
10	Shri Roshan Adhikari	900
	Total number of Options in force at the end of the year	**32300**

CORPORATE GOVERNANCE REPORT

The essence of Corporate Governance lies in its transparency; its efficiency lies in its ability to protect the stakeholders' interest. This is precisely what your Company's governance process and practice ventured to achieve; a transparency and professionalism in action as well as the implementation of policies and procedure to ensure high ethical standards as well as responsible management.

To enunciate the spirit behind this governance process, your Company listed out its various compliances with the statutory requirements of the day, as well as the spirit of the practice.

1. Board of Directors

As on 31st March 2012, your Company's Board of Directors consisted of ten Directors with varied experiences in different areas. Some of them are acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement(s). Shri H.A. Mafatlal, the Company Chairman, heads the Board. The Board comprises of one Executive Promoter Director, one Non-Executive Promoter Director, two Executive Directors and six Independent Non-Executive Directors.

Sr. No	Names of Directors	Category (Executive / Non-Executive)	Number of Board Meetings attended	Whether last AGM held on 22nd June 2011 attended	Other directorships held (including in private companies at the year end)	$ Number of Committee Membership / Chairmanship in other domestic companies as at the year end
1.	Shri H.A. Mafatlal	Promoter Executive	9	Yes	13 *	3
2.	Shri T. M. M. Nambiar	Independent Non-Executive	9	Yes	2	2
3.	Shri P. N. Kapadia	Independent Non-Executive	9	Yes	7 **	3
4.	Shri S. S. Lalbhai	Independent Non-Executive	8	Yes	5	2
5.	Shri S. M. Kulkarni	Independent Non-Executive	7	Yes	11 ***	8
6.	Shri R. Sankaran	Independent Non-Executive	7	Yes	5 ****	3
7.	Shri V. P. Mafatlal	Promoter Non-Executive	8	Yes	20 *****	1
8.	Shri S. G. Mankad	Independent Non-Executive	9	Yes	8	2
9.	Shri A. K. Srivastava	Executive	8	Yes	1	1
10.	Shri S. S. Khanolkar	Executive	9	Yes	1	–

** In four private limited companies ** In four private limited companies *** In one private limited company*
***** In three private limited companies ***** In thirteen private limited companies*
$ Under this column, membership/chairmanship of Audit Committees and Shareholders' / Investors' Grievance Committees is considered.

Shri V. P. Mafatlal is the nephew of Shri H. A. Mafatlal, Chairman of the Company.

All the relevant information such as production, sales, exports, financial results, capital expenditure proposals and statutory dues, among others, are as a matter of routine, placed before the Board for its approval/information.

A total of nine meetings of the Board of Directors were held on 29th April 2011, 10th June 2011, 22nd June 2011, 22nd July 2011, 19th October 2011, 14th December 2011, 30th January 2012, 9th March 2012 and 22nd March 2012. The Company has thus observed the provisions of the Listing Agreement(s), allowing not more than four months gap between two such meetings.

Personal shareholding of Non-Executive Directors is as follows:

Name of the Directors	Number of equity shares as at the year end
Shri T. M. M. Nambiar	10000
Shri P. N. Kapadia	1385
Shri S. S. Lalbhai	500
Shri S. M. Kulkarni	NIL
Shri R. Sankaran	NIL
Shri V. P. Mafatlal	112343
Shri S. G. Mankad	NIL

2. Audit Committee

As required under Section 292 A of the Companies Act, 1956, read with the provisions of Clause 49 of the Listing Agreement(s) with the Stock Exchange(s), the Board constituted an Audit Committee. Shri T. M. M. Nambiar is the Chairman of the Committee with Shri P. N. Kapadia, Shri S. S. Lalbhai and Shri S. M. Kulkarni as other members. The terms of reference of the Audit Committee are as outlined in the Companies Act, 1956 and the Listing Agreement(s).

During 2011-12, a total of five meetings of the Audit Committee were held on 29th April 2011, 22nd July 2011, 19th October 2011, 8th December 2011 and 30th January 2012. The attendance of the members of the Audit Committee was as follows:

Sr. No.	Dates of Audit Committee Meetings	Attendance of Directors			
		Shri T. M. M. Nambiar	Shri P. N. Kapadia	Shri S. S. Lalbhai	Shri S. M. Kulkarni
1.	29th April 2011	Yes	Yes	Yes	Yes
2.	22nd July 2011	Yes	Yes	Yes	Yes
3.	19th October 2011	Yes	Yes	Yes	Yes
4.	8th December 2011	Yes	Yes	Yes	Yes
5.	30th January 2012	Yes	Yes	Yes	Yes

Yes – Attended

Executive Chairman, Managing Director, Finance Director, Vice-President Finance and Accounts, Statutory and Internal Auditors, usually attend the meetings of the Audit Committees. The Company Secretary Shri N. B. Mankad acts as the Secretary of the Audit Committee.

3. Shareholders'/Investors' Grievance Committee

Shri P. N. Kapadia is the Chairman of the Shareholders'/ Investors' Grievance Committee. Shri T. M. M. Nambiar and Shri A. K. Srivastava are the other members of the Committee. The Committee looks into redressing the investors' grievances/complaints viz. non-receipt of transferred shares and non-receipt of dividends, among others. During 2011-12, one meeting of the Shareholders'/Investors' Grievances Committee was held on 9th March 2012. The attendance of the members of the Shareholders'/Investors' Grievance Committee was as follows:

Sr. No.	Date of Shareholders' / Investors' Grievance Committee Meeting	Attendance of Directors		
		Shri P. N. Kapadia	Shri T. M. M. Nambiar	Shri A. K. Srivastava
1.	9th March 2012	Yes	Yes	Yes

Yes – Attended

The other relevant details are as under:

a)	Number of complaints received from shareholders from 1st April 2011 to 31St March 2012	8
b)	Number of complaints resolved during the year	8
c)	Number of complaints pending at the end of the year	0
d)	Number of pending transfers as on 31st March 2012 due to certain defects a) fully paid shares b) partly paid shares	NIL

Shri N. B. Mankad, Company Secretary is the Compliance Officer

4. Remuneration Committee

Shri S. S. Lalbhai is the Chairman of the Remuneration Committee and Shri T. M. M. Nambiar and Shri S. M. Kulkarni are the other members of the Remuneration Committee.

During the year, one Meeting of the Remuneration Committee was held on 29th April 2011. The Committee is authorised to decide on the remuneration for the Executive Directors including annual increments, pension rights and compensation payments, if any and granting of stock options to Senior Management Personnel. The details of attendance of the members of the Remuneration Committee is as follows:

Sr. No.	Date of Remuneration Committee Meeting	Attendance of Directors		
		Shri S. S. Lalbhai	Shri T. M. M. Nambiar	Shri S. M. Kulkarni
1.	29th April 2011	Yes	Yes	Yes

Yes – Attended

5. Remuneration of Directors

Remuneration paid to the Executive and Non-Executive Directors: *(Rupees in lacs)*

Sr. No.	Director	Salary and Perquisites	Commission*	Sitting Fees
1.	Shri H. A. Mafatlal	39.41	378.00	–
2.	Shri A. K. Srivastava	101.08	36.00	–
3.	Shri S. S. Khanolkar	97.20	43.00	–
4.	Shri T. M. M. Nambiar	–	10.00	2.90
5.	Shri P. N. Kapadia	–	10.00	2.80
6.	Shri S. S. Lalbhai	–	10.00	2.50
7.	Shri S. M. Kulkarni	–	10.00	2.30
8.	Shri R. Sankaran	–	10.00	1.30
9.	Shri V. P. Mafatlal	–	10.00	1.60
10.	Shri S. G. Mankad	–	10.00	1.70

** Payable in financial year 2012-13*

Note: Other service contracts, notice period and severance fees, among others – None

In terms of the Company's "Employee Stock Option Scheme – 2007" approved by the shareholders at the 9th Annual General Meeting held on 20th July 2007, Shri A.K. Srivastava and Shri Shekhar Khanolkar have been granted 8700 and 8000 stock options respectively. The relevant details required to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are given in Annexure to Directors' Report.

The Non-Executive Directors are paid remuneration in accordance with the prevalent practice in the industry and commensurate with their experience, time devoted to the Company and also taking into account profits of the Company. Besides the above remuneration, there is no other material pecuniary relationship or transaction by the Company with Non-Executive Directors.

6. Disclosure

(a) Disclosure on material transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

(b) Details of non-compliance by the Company, penalties, strictures imposed by stock exchanges/SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

(c) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors.

(d) The Company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism, which is periodically reviewed and reported to the Board of Directors by senior executives.

(e) Disclosure of accounting treatment different from accounting standards.

None

7. Code of Conduct for Board Members and Senior Management

The Board of Directors, at its Meeting held on 27th October 2005, laid down the Code of Conduct for all the Board Members and members of the senior management. The Code is also placed on the Company's website -- www.nfil.in. A certificate from the Managing Director, affirming compliance of the said Code by all the Board Members and members of the senior management to whom the Code is applicable, is annexed separately to this report.

8. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results to the Board in terms of Clause 41.

9. General Body Meeting

Location and time where the last three Annual General Meeting (AGM) were held:

AGM	Year	Venue	Date	Time	No. of Special Resolutions passed
13th	2010-11	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020	22nd June 2011	3.00 P.M.	1
12th	2009-10	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020	21st June 2010	3.00 P.M.	2
11th	2008-09	S.N.D.T. Womens' University, Patkar Hall, 1 Nathibai Damador Thackersey Road, Churchgate, Mumbai 400020	15th June 2009	3.00 P.M.	2

Whether special resolutions –

a)	Were put through postal ballot last year	:	No
	Details of voting pattern	:	N.A.
	Person who conducted the postal ballot exercise	:	N.A.
b)	Are proposed to be conducted through postal ballot this year	:	No
	Procedure for postal ballot	:	N.A.

10. Means of communication

The financial results of the Company are reported as mentioned below –

Half yearly report sent to shareholders	:	No
Quarterly results proposed to be published in which newspaper	:	In English – Economic Times and in Marathi – Maharashtra Times
Any website	:	www.nfil.in
Whether it displays official news release and the presentation made to institutional investors or to the analysts	:	Yes
Whether management discussion and analysis report is a part of the annual report	:	Yes

11. General shareholders information

A. 14th Annual General Meeting		
Date	:	18th June 2012
Time	:	3.00 p.m.
Venue	:	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020
B. Financial Calendar	:	1st April 2012 to 31st March 2013 (tentative)
First quarterly results	:	End of July 2012
Second quarterly results	:	End of October 2012
Third quarterly results	:	End of January 2013
Audited yearly results	:	End of May 2013
C. Date of Book Closure (both days inclusive)	:	11th June 2012 to 15th June 2012
D. Dividend payment date	:	21st June 2012
E. Listing	:	Bombay Stock Exchange Ltd.(BSE)
		Ahmedabad Stock Exchange Ltd.(ASE)
		National Stock Exchange of India Ltd.(NSE)
F. Stock Code	:	BSE 532504
		ASE 45433
		NSE NAVINFLUOR EQ
G. ISIN Number	:	INE 048 G 01018

H. Monthly High and Low

Bombay Stock Exchange

Month	Highest	Lowest	BSE Sensex Highest	BSE Sensex Lowest	Number of shares traded
April 2011	286.00	221.00	19811.14	18976.19	207752
May 2011	296.65	272.00	19253.87	17786.13	292700
June 2011	303.00	271.00	18873.39	17314.38	252600
July 2011	382.15	285.40	19131.70	18131.86	933026
August 2011	363.00	309.00	18440.07	15765.53	302694
September 2011	387.00	325.15	17211.80	15801.01	293560
October 2011	419.00	345.00	17908.13	15745.43	609307
November 2011	402.55	336.50	17702.26	15478.69	252382
December 2011	355.60	276.00	17003.71	15135.86	129133
January 2012	383.80	282.45	17258.97	15358.02	168644
February 2012	375.00	334.00	18523.78	17061.55	121857
March 2012	373.30	324.20	18040.69	16920.61	152508

National Stock Exchange

Month	Highest	Lowest	NSE Sensex Highest	NSE Sensex Lowest	Number of shares traded
April 2011	286.00	251.00	5944.45	5693.25	256559
May 2011	296.60	272.00	5775.25	5328.70	383782
June 2011	302.90	269.05	5657.90	5195.90	313534
July 2011	382.90	285.10	5740.40	5453.95	1467131
August 2011	362.00	304.65	5551.90	4720.00	374255
September 2011	386.90	321.45	5169.25	4758.85	434281
October 2011	419.75	337.00	5399.70	4728.30	892812
November 2011	402.70	334.25	5326.45	4639.10	416881
December 2011	351.85	278.00	5099.25	4531.15	191602
January 2012	384.00	283.15	5217.00	4588.05	243608
February 2012	375.00	332.90	5629.95	5159.00	195395
March 2012	375.00	340.00	5499.40	5135.95	169301

I. **Registrar and Share Transfer Agents**

Sharepro Services (India) Pvt. Ltd.
Samhita Warehousing Complex,
2nd floor Gala No.52 to 56
Building No.13A-B Near Sakinaka Telephone Exchange
Andheri-Kurla Road Sakinaka Andheri (East)
Mumbai 400072
Tel: 91 22 6772 0300 / 6772 0400
Fax: 91 22 2859 1568 / 2850 8927
E-mail: sharepro@shareproservices.com

Investor Relations Centre
Sharepro Services (India) Pvt. Ltd.

1. 912 Raheja Centre
Free Press Journal Road
Nariman Point
Mumbai 400021
Tel: 91 22 6613 4700
Fax: 91 22 2282 5484

2. Devnandan Mega Mall
Office No.416-420 4th Floor
Opp. Sanyas Ashram
Ashram Road
Ahmedabad 380006
Tel: 079 26582381/84

E-mail: sharepro@shareproservices.com

J. **Share Transfer System**

All the share related work is being undertaken by our R&T Agent, Sharepro Services (India) Pvt. Ltd., Mumbai. A Share Transfer Committee of three Directors approves the share transfer, transmission, split and consolidation, among others, of shares. The share transfers are registered and returned within 30 days from the date of receipt if relevant documents are complete in all respects. The shareholders'/investors' grievances are also taken up by our R&T Agent.

K. **Distribution of shareholding as on 31st March 2012**

Slab	Total number of shareholders	%	Number of Shares	% of total share capital
Less than 500	101358	98.78	1847003	18.92
501-1000	684	0.67	530394	5.43
1001-2000	270	0.26	406440	4.16
2001-3000	97	0.09	245633	2.52
3001-4000	54	0.05	192819	1.98
4001-5000	29	0.03	132464	1.36
5001-10000	64	0.06	470833	4.82
10001-above	60	0.06	5935511	60.81
Total	**102616**	**100**	**9761097**	**100**

L. Shareholding pattern as on 31st March 2012

Sr. No.	Category	Number of shares held	% of holding
1.	Promoters' holding	3775059	38.68
2.	Mutual Funds and UTI	299869	3.07
3.	Bank, Financial institutions, insurance companies, central / state government institutions	108164	1.11
4.	FIIs (Foreign Institutional Investors)	501842	5.14
5.	Private Corporate Bodies	817175	8.37
6.	Indian Public	4139771	42.41
7.	NRIs / OCBs	119217	1.22
8.	Any other (please specify)	0	0
	Total	**9761097**	**100**

M. Dematerialisation details

As on 31st March 2012, 29992 shareholders were holding 9307165 equity shares in demat form which constitutes 95.35% of the total share capital of the Company.

N. Outstanding GDR /ADR N.A.

O. Plants/factories:

1. Navin Fluorine, Bhestan, Surat – 395023
2. Navin Fluorine, Dewas, M.P. – 455002

P. Address for correspondence

Navin Fluorine International Limited

a) Registered Office
2nd floor Sunteck Centre 37/40 Subhash Road
Vile Parle (East) Mumbai 400057
Tel: 91 22 6650 9999
Fax: 91 22 6650 9800
Website: www.nfil.in

b) Corporate Office:
Mafatlal House 3rd floor
Backbay Reclamation Mumbai 400020
Tel: 91 22 4008 3636
Fax: 91 22 6635 7633

The Company complied with all the mandatory requirements of Clause 49 and has also complied with one of the non-mandatory requirement viz. setting up of the Remuneration Committee.

Annexure to Corporate Governance Report of Navin Fluorine International Limited

Declaration regarding Affirmation of Code of Conduct

In terms of the requirements of Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with Code of Conduct for the year ended 31st March 2012.

Place: Mumbai
Date: 30th April 2012

Shekhar S. Khanolkar
Managing Director

Auditor's Certificate

To,
The Members of
Navin Fluorine International Limited

We have examined the compliance of conditions of corporate governance by Navin Fluorine International Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells,**
Chartered Accountants,
Registration No.117364W,

R. Salivati
Partner
Membership No.34004

Place: Mumbai
Dated: 30th April 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

In 2011, the global economy grew 3.8% (5.2% in 2010), while emerging economies grew 6.2% (7.3% in 2010) and advanced economies grew 1.6% (3.2% in 2010). The Indian economy growth is estimated at 6.9% in 2011-12 compared with 8.4% in the preceding two years on account of a weakening global economy, lower industrial growth and reforms slowdown. In India, the slowdown is likely to extend even as the World Bank has projected GDP growth at 7-7.5% in 2012-13.

Industry overview

The US represents the largest market for fluorochemicals. The world fluorocarbon market remained volatile on account of various international agreements, including the Kyoto and Montreal Protocols, as well as nationwide government policies.

The hydro chlorofluorocarbons (HCFCs) (considered less harmful) market continued to grow in the developing countries due to increasing consumption levels driven by rising incomes, except in Western Europe where concerns pertaining to climate change and competition from alternatives (non-fluorinated products) hindered growth.

The HFC market, which grew considerably in the decade 2001-2011, will continue its strong advances as HFCs replace HCFCs in the developing world. However, concerns over the global warming potential of HFCs will limit demand particularly in Western Europe, presenting opportunities for HFO fluorocarbons with low global warming potential to capture a portion of the market.

Outlook

Global annual demand for fluorine-containing chemicals is forecast to rise 3.9% to 3.5 mn MT in 2016, valued at USD 19.7 bn. Gains will be fuelled by an increasing production of refrigeration and cooling equipment as well as an acceleration in primary aluminium output. In the fluorocarbon segment, demand will rise slightly below the overall fluorochemicals average through 2016. Due to the Montreal Protocol requirements, restrictions for developing countries will begin to take effect in 2015.

The Asia Pacific region will continue to be the largest market for fluorochemicals, accounting for over half of the worldwide demand in 2016 and will also grow at a fast pace. The US, Western Europe and Japan will account for a shrinking share of the world fluorochemicals market through 2016, although they witnessed an increase in demand following the decline of the 2006-2011 period.

Growth drivers

Pharmaceuticals market

The Indian pharmaceuticals market continued to grow at around 15%, registering a turnover of Rs. 59,621 cr in 2011-12 *(Source: Nov 2011- AIOCD/AWACS)*. Pharma exports grew to USD 10.5 bn in 2011-12 compared with USD 6 bn in 2006-07, recording a 16% CAGR. IMS Health estimates that pharmerging markets will grow 14-17% through 2014, while major developed markets will grow only 3-6%. Although the US will retain its position as the single largest market (estimated annual growth of 3-6% in the next five years), China's pharmaceutical market is expected to grow over 20% annually and contribute 21% to overall global growth through 2013.

Agrochemicals market

Agriculture accounted for 13.9% of the countries GDP in 2011-12 (Source: CSO). Crop protection chemicals account for around 2% of the total chemicals market in India. The domestic crop protection market is estimated at around USD 1.8 bn and has grown at 5% per annum in the last five years. The export of crop protection chemicals is estimated at ~ USD 1.6 bn. The Rs. 15,000-crores Indian agrochemical industry could grow to Rs. 50,000 crores by 2020 through innovative farming solutions that address low farmholding sizes, resources and knowhow.

Automobiles, air-conditioner and refrigerator market

The Automotive sector sales have been rising at an impressive 17% CAGR over the last five years and is slated to grow by 10 to 12% in 2012-13 on the expanded base. India's AC market is pegged at about 2.5 mn units (windows and spilt), while annual refrigerator sales are pegged at almost 8 mn units. The overall room AC market in India was estimated at 4.2 mn units in 2011-12, and growing at over 30% annually. Split ACs dominate the industry, commanding over 68% of the overall share. The Indian AC and refrigerant market are likely to witness a 15% CAGR over the coming years.

I. DIVISIONAL ANALYSIS

	Refrigerant gases	Specialty chemicals	Bulk Fluorides
Sales contribution	43%	35%	22%
Applications	Air-conditioning (residential and cars) and household refrigerators	Pharmaceutical, agrochemical and petrochemical industries	Metal industry, mainly aluminium and steel industries
Geographical presence	India, Southeast Asia, the Middle East, South Africa, Europe	India, Europe, the US, Asia	India, Asia
Revenue by geography	Domestic: 60% Exports: 40%	Domestic: 50% Exports: 50%	Domestic: 95% Exports: 5%
Growth over previous year	22%	27%	36%

Product

1. Refrigerants

Segment revenue in 2011-12: Rs. 195 cr

Navin Fluorine pioneered the manufacture of refrigerant gases in India in 1967, marketed under the 'Mafron' brand, which has almost become a generic name for refrigerant gases in the country.

Mafron is the preferred choice for OEMs, (original equipment manufacturers) service technicians and equipment owners. The product facilitates safe, reliable and efficient refrigeration and air-conditioning solutions. In India, the Company has a strong distribution network with 120 dealers. The Company's refrigerant product is also exported to South Asia, Southeast Asia, the Middle East and Turkey.

In 2011-12, the Company derived 40% of its refrigerant revenue from the international market (53% in 2010-11) while the rest was marketed within. Open market and OEM demand remained satisfactory.

The division remained the largest Indian player with a market share of around 36%, sustained by enduring OEM relationships. During the second half of the year, global offtake declined owing to the economic slowdown which drove realisations down from a peak of USD 3.6/kg in September 2011 to a low of USD 2.6/kg at the end of the year.

CER income

Following the installation of a Clean Development Mechanism (CDM) in 2007-08, the Company successfully discontinued the release of harmful by-product HCFC-23 into the atmosphere. The project was registered by the CDM Executive Board of United Nations Framework Convention on Climate Change (UNFCCC) for generating 2.8 mn CERs per annum. This generated substantial revenues. During 2011-12, the Company received Rs. 251cr as revenue from the sale of CERs.

Product

2. Bulk fluorides

Segment revenue in 2011-12: Rs. 98 cr

Bulk fluorides cater mainly to the steel and aluminium sectors with downstream applications in the glass, pharma and agrochemical industries.

This division reported a growth of 27% owing to a rising demand from the stainless steel and glass industries. Exports constituted 5% of the sales, there was a large focus on the domestic market in exchange for superior realisations. The performance of this business was subdued in the second half of the financial year under review as demand from the steel industry declined.

The Company aims to enhance its international presence following the identification of the right distribution channels. It is investing in R&D to shortlist products with attractive potential.

Product

3. Specialty fluorochemicals

Segment revenue in 2011-12: Rs. 159 cr

The specialty segment manufactures fluorine-based molecules with niche applications in pharmaceutical and crop protection segments.

The Company is among a few in the world with fluorine chemistry competence. The Company selected to be present in growing therapeutic segments marked by an increasing use of fluoro intermediaries. Relevantly, fluorine-based chemistry is gaining importance in agro and pharma molecules owing to stability and activity that it provides. Due to a strong research initiative, the Company is capable of providing customised and generic products to customers.

The Company introduced new molecules with applications in the pharmaceutical and agrochemical sectors. The speciality business is dependent on niche products and the Company's competitive advantage is derived from an in-house capability in extending chemistry skills into successful technologies through R&D capabilities and product development speed.

This business will focus on the introduction of relatively new and value-added products while staying competitive with imports.

The Company will focus on the opportunities coming out of the pharmaceutical sector, marked by the scope for value-addition. The Company expects to work closely with agrochemical companies by creating cost-efficient processes. It is also exploring opportunities in untapped sectors that offer an attractive scope for fluorine-based chemicals.

II. HUMAN RESOURCE MANAGEMENT

The Company's growing presence in the niche specialty and fine chemical segments makes it imperative to invest in people, processes and practices. At Navin Fluorine, 571 people work with the singular objective of enhancing innovation and product customisation leading to effective customer engagement.

Our centralised recruitment was done through campuses, consultants and web portals. It created an Intranet Navin Center, where various jobs were posted and employees could refer candidates for vacant positions.

Many employees were provided behavioural and functional training. The training calendar was prepared after evaluating appraisals to determine training needs. Employees attended various seminars to enhance their competence.

The Company has introduced Balance Score Card (BSC) as a performance measure for its employees. This will align the Company's strategy and operations.

The Company restructured compensation packages and introduced performance-linked incentives to inspire a higher standard of performance.

The Company plans to introduce structured induction programmes and mentor recruits for easy assimilation. It will identify and retain potential leaders through cash and stock rewards.

III. ANALYSIS OF THE FINANCIAL STATEMENT

The major financial highlights of the Company are mentioned below –

- Increased revenues 81.83% from Rs. 44,306.04 lac in 2010-11 to Rs. 80,560.17 lac in 2011-12
- Increased PBT 201.40% from Rs.10,598.52 lacs in the previous year to Rs. 31,943.51 lacs in the current year
- Increased PAT 222.76% from Rs. 7,164.38 lacs in the previous year to Rs. 23,123.56 lacs in the current year

IV. OPPORTUNITIES AND THREATS

The management is aware of the environment in which the Company operates. There is a process of constantly identifying, monitoring and reviewing the potential opportunities and threats to the business and takes appropriate actions of suitable time.

The significant opportunities are:

- The Company's positioning in the fluoro-specialities space which is a niche segment with high entry barriers providing it with the necessary protection from competitive threats.
- High capacity utilisations of the hydrofluoric acid and some of the other specialty and refrigerant gases plants provides your Company with the necessary cost synergies to remain competitive in its playing field.
- Due to its reputation as a reliable provider of fluorinated chemicals and long presence among the major pharma and agro producers, the Company has a first mover advantage for any new fluoro-molecule requirements of these customers.
- Significant investment made in R&D, CRO and CRAMS provides a necessary launching pad for the Company to get into higher value-added molecules.

The threats to the Company which are being closely monitored and suitably dealt with are:

- High volatility in USD and Euro
- Current uncertainties around the acceptability of the Company's CERs by the EU as a tradable instrument
- Unpredictable pricing by Chinese competitors in some of the Company's products
- Increased population around the Surat site of the Company leading to the potential HSE vulnerability
- Continuance of the economic uncertainties in Europe and USA

V. RISK MANAGEMENT

Risk is integral in all businesses in varying degrees and forms. Navin Fluorine ensures that risks are adequately measured, estimated and controlled. Irrespective of the type of risk or the activity that creates it. The Company has forward-looking approach to identify and measure risks.

The Company runs a structured risk management programme to protect the organisation through timely action. The objectives of the risk management framework comprise:

- To identify, assess, prioritise and manage risks in a planned and cohesive manner
- To increase the effectiveness of the internal controls
- To develop a risk culture that encourages employees to identify risks and associated opportunities, responding to them with appropriate timely actions

The Company prioritised the risks and attached each risk with a designated owner, who closely monitored the likelihood of recurrence and the probable impact on the business with ongoing control measures in a periodical manner

VI. INTERNAL CONTROL SYSTEMS

All the major business processes are currently run on the latest ERP system. The Company has an adequate internal audit system commensurate with its size and nature of operations. An independent and professional firm carry out perpetual audits of various functions within the Company. Moreover, internal auditors periodically interact with the Audit Committee of the Board of Directors to discuss the terms of reference and frequency of the audit, significant audit observations and their disposals and remedies if any.

AUDITORS' REPORT

To,
THE MEMBERS OF
NAVIN FLUORINE INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of Navin Fluorine International Limited as at 31st March, 2012, the Statement of Profit and Loss and the Cash-Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   i. 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;

   ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. the Balance Sheet, Statement of Profit and Loss and Cash-Flow Statement dealt with by this report are in agreement with the books of account;

   iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash-Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

   v. in our opinion, and to the best of our information, and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      b) in the case of the Statement of Profit and Loss, of the profit 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.

5. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells,**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

Annexure to the Auditors' report

(referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities / result, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xviii) and (xx) of CARO are not applicable to the Company for the year.

2. In respect of its fixed assets :
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

   (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

3. In respect of its Inventory :
   (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.

   (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 inventories and no material discrepancies were noticed on physical verification.

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

5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system

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

   (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

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

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

8. 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 are being reconciled with the financial statements for the year. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. 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, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

   (c) Details of dues in respect of Income-tax, Excise Duty, Customs Duty, Wealth Tax, Sales-tax, Service Tax and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below :

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. In lacs)
Income Tax Act, 1961	Income Tax	ITAT, Mumbai	2005-06	0.37
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2005-06	98.74
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2006-07	226.33
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2007-08	78.47
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2008-09	15.96
Central Excise Act	Excise Duty	High Court	1993-94 to 2005-06	90.33
Central Excise Act	Excise Duty	Commissioner of Central Excise	2005-06 & 2006-07	0.17
Central Excise Act	Excise Duty	Assistant Commissioner of Central Excise	1994-95	0.76
Central Excise Act	Excise Duty	Commissioner of Central Excise	2007-08	36.25
Central Excise Act	Excise Duty	Commissioner of Central Excise	2008-09	30.68
M.P. Sales Tax Act	Sales Tax	Deputy Commissioner	2006-07	47.97
The West Bengal Value Added Tax Act	Value Added Tax	Deputy Commissioner Appeals	2000-01 to 2004-05	13.96
M.P. Commercial Tax Act 1994	Commercial Tax	Assistant Commissioner of Commercial Taxes	1992-93, 1994-95 to 1996-97	8.30
U.P. VAT Act	Value Added Tax	Sales Tax Appelate Tribunal	2001-02	1.68
The West Bengal Value Added Tax Act	Value Added Tax	Appelate Board	1999-00	2.06
M.P. Sales Tax Act	C.S.T. & Entry Tax	Appelate Board	1996-97 & 2005-06	18.52
M.P. Sales Tax Act	C.S.T. & Commercial Tax	Department of Industries M.P. Govenrment	1997-98	12.42
M.P. Commercial Tax Act	Commercial Tax	Madhya Pradesh High Court	1990-91 to 1995-96	28.51
U.P VAT Act	Value Added Tax	Allahabad High Court	1998-99 to 2000-01	69.14
The West Bengal Value Added Tax Act	Value Added Tax	Senior Joint Commissioner	2005-06	2.69
The West Bengal Value Added Tax Act	Value Added Tax	Appellate Revisional Board	1994-95	1.08

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

11. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.

12. 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 not been used during the year for long-term investment.

13. According to the information and explanations given to us and the records examined by us, securities/ charges have been created in respect of the debentures issued.

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

For **Deloitte Haskins & Sells,**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

Balance Sheet as at 31st March 2012

(Rupees in lacs)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	975.69	975.68
Reserves and surplus	4	47,361.51	32,204.68
		48,337.20	33,180.36
Non-current liabilities			
Deferred tax liabilities (net)	5	2,863.92	1,913.97
Other Long term liabilities	6	2,014.05	2,767.85
Long-term provisions	7	283.51	224.25
		5,161.48	4,906.07
Current liabilities			
Short-term borrowings	8	9,334.39	4,907.40
Trade payables	9	4,515.37	5,523.64
Other current liabilities	10	1,018.32	1,300.40
Short-term provisions	11	7,653.29	1,549.15
		22,521.37	13,280.59
	Total	76,020.05	51,367.02
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		23,545.98	17,177.54
Intangible assets		99.13	89.98
Capital work-in-progress		523.04	3,223.69
		24,168.15	20,491.21
Non-current investments	13	18,594.20	4,776.06
Long-term loans and advances	14	4,596.29	10,298.63
		47,358.64	35,565.90
Current assets			
Current Investments	15	1,900.00	–
Inventories	16	8,401.61	5,510.20
Trade receivables	17	6,239.35	5,779.50
Cash and cash equivalents	18	10,502.18	1,741.17
Short-term loans and advances	19	1,116.79	2,613.74
Other current assets	20	501.48	156.51
		28,661.41	15,801.12
	Total	76,020.05	51,367.02
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

H. A. Mafatlal
Chairman

S. S. Khanolkar
Managing Director

N. B. Mankad
Company Secretary

V. P. Mafatlal
S. S. Lalbhai
A. K. Srivastava
P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Mumbai, dated, 30th April, 2012

Statement of Profit and Loss for the year ended 31st March 2012

(Rupees in lacs)

	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from operations (gross)	21	73,039.08	45,091.06
less: excise duty		2,653.23	2,017.02
Revenue from operations (net)		70,385.85	43,074.04
Other income	22	9,100.53	1,038.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	1,073.79	193.26
	Total	**80,560.17**	**44,306.04**
EXPENSES			
Cost of materials consumed	24	25,196.51	17,032.84
Purchases of stock-in-trade	24	557.09	321.82
Employee benefits expense	25	4,087.57	2,978.91
Finance costs	26	354.19	359.58
Depreciation and amortization expense	27	1,773.42	1,354.45
Other expenses	28	16,647.88	11,659.92
	Total	**48,616.66**	**33,707.52**
Profit before tax		31,943.51	10,598.52
Tax expense			
Current tax		7,870.00	3,620.00
Deferred tax		949.95	(185.86)
		8,819.95	**3,434.14**
Profit for the year		**23,123.56**	**7,164.38**
Earnings per share (of face value of Rs. 10/- each):			
Basic	29	236.90	71.11
Diluted	29	236.90	71.11
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

H. A. Mafatlal
Chairman

S. S. Khanolkar
Managing Director

N. B. Mankad
Company Secretary

V. P. Mafatlal
S. S. Lalbhai
A. K. Srivastava
P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Mumbai, dated, 30th April, 2012

Cash Flow Statement for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	31,943.51	10,598.52
adjustments for,		
Depreciation / amortization	1,773.42	1,354.45
Loss on sale / write off of fixed assets (net)	804.05	799.59
Provision for doubtful debts / advances written back	(35.00)	(15.20)
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investments	(7,492.72)	–
Interest expense	354.19	359.58
Interest income	(876.55)	(619.40)
Net loss / (gain) on foreign currency translations	431.95	(20.74)
Share of loss in the partnership firm where the Company is a partner	0.13	0.09
Dividend on long-term investments (non-trade)	(56.92)	(31.30)
Bad debts written off	34.36	19.62
Excess provision of earlier years written back	(3.83)	(0.72)
Provision for doubtful debts / advances	–	3.28
Operating profit before working capital changes	**26,876.59**	**12,447.77**
(Increase) / decrease in trade receivables	(472.81)	(1,927.79)
(Increase) / decrease in inventories	(2,891.41)	(792.39)
(Increase) / decrease in loans and advances	1,186.60	(564.42)
Increase / (decrease) in trade and other payables	(2,286.67)	(2,919.22)
	(4,464.29)	**(6,203.82)**
Cash generated from operations	**22,412.30**	**6,243.95**
Direct taxes and fringe benefit tax paid	(8,791.75)	(3,119.72)
Net cash generated from operating activities	**13,620.55**	**3,124.23**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,196.84)	(4,800.65)
Capital contribution in partnership firm where Company is a partner (current)	(0.13)	(0.09)
Share of loss in the partnership firm where the Company is a partner	(0.13)	(0.09)
Amounts paid for acquiring Mafatlal Industries Limited debts from a bank on assignment basis	(197.74)	(854.92)
Advances to Sulakshana Securities Ltd.	(7.50)	(5.00)
Amounts refunded by Sunanda Industrial Machinery Ltd.	2,706.39	–
Amounts refunded by Mafatlal Industries Ltd.	3,480.93	–
Redemption of investments in preference shares	3,000.00	–
Purchase of investments	(8,037.84)	(4,756.74)
Investment in subsidiary	(3,265.12)	–
Sale of fixed assets	19.98	14.09
Dividend income	56.92	31.30
Interest income	1,010.99	585.00
Net cash (used in) investing activities	**(7,430.09)**	**(9,787.10)**

Cash Flow Statement *(Contd.)*

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Calls in arrears received during the year (including securities premium)	0.09	0.06
Buyback of equity shares	–	(1,355.60)
Repayment of debenture	(140.00)	(140.00)
Repayments of other borrowings	–	(800.93)
Proceeds / (repayments) of other borrowings (net)	4,426.99	4,852.69
Compensation received pursuant to Montreal Protocol for phasing out production of Ozone Depleting Substances - Capital reserve no. 2	541.64	–
Dividend paid (including dividend distribution tax)	(1,904.11)	(1,639.49)
Interest expense	(354.19)	(362.03)
Net cash (used in) / from financing activities	**2,570.42**	**554.70**
Net increase / (decrease) in cash and cash equivalents	**8,760.88**	**(6,108.17)**
Cash and cash equivalents at the beginning of the year	1,741.53	7,849.70
Cash and cash equivalents at the end of the year	10,502.41	1,741.53
Note,		
Reconciliation of cash and cash equivalents		
As per Balance sheet – note 18	10,502.18	1,741.17
Foreign exchange (gains) and losses	0.23	0.36
As per cash flow statement	**10,502.41**	**1,741.53**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

H. A. Mafatlal
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S. M. Kulkarni
Directors

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 01 CORPORATE INFORMATION

Navin Fluorine International Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay, Ahmedabad and National stock exchanges. The Company belongs to the reputed industrial house of Arvind Mafatlal Group in India. Established in 1967, it has the largest integrated fluorochemicals complex in India. The Company primarily focuses on fluorine chemistry, producing refrigeration gases, some basic building block fluorides and specialty organofluorines. Its manufacturing facilities are located at Surat, Gujarat and Dewas, Madhya Pradesh.

Notes 02 SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of Financial Statements**

The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles.

b. **Use of estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialise or are known.

c. **Tangible fixed assets**

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortisation and impairment loss, if any.

d. **Depreciation on tangible fixed assets**

Depreciation has been provided for on all fixed assets on straight-line basis in accordance with the provisions of the Companies Act, 1956, (the Act) at the rates and in the manner specified in Schedule XIV of the Act except some identified items of office equipment which are depreciated over a period of five years. In respect of Specialty Chemicals, Cryolite, Aluminium Fluoride, Refrigerant Gases, ABF, Fluoroaniline Plants, R & D Pilot Plant and Captive Power Plant depreciation have been provided for at the rate applicable to continuous process plants.

Leasehold land is amortised over the period of lease.

e. **Intangible assets**

Intangible assets are stated at cost of acquisition less accumulated amortisation. Computer Software which are capitalised, are amortised over a period of 6 years on straight-line basis.

f. **Impairment of tangible and intangible assets**

Impairment loss is provided to the extent that the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. **Investments**

Long-Term investments are carried at cost. Provision is made to recognize a diminution, other than temporary, in the carrying amount of Long-Term investments. Current investments are carried individually, at the lower of cost and fair value.

h. **Inventories**

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:
Raw materials, traded goods, stores and spares - Weighted average
Process stocks and finished goods - At material cost plus appropriate value of overheads

i. **Retirement and other employee benefits**

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

i. The Company contributes towards Provident fund, Family pension fund and Superannuation fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules.

ii. Gratuity liability, a defined benefit scheme, and provision for compensated absences is accrued and provided for on the basis of actuarial valuations made at the year end.

j. Foreign currency transactions

Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization / payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

k. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

l. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to its determination or realization exists. Turnover includes carbon credits which are recognized on delivery thereof or sale of rights therein as the case may be, in terms of the contracts with the respective buyers.

m. Taxes on income

Tax expense comprises of both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income-tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

n. Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

o. Employee stock option

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. Compensation expense is amortized over the vesting period of the option on a straight line basis. The Company measures compensation cost relating to employee stock options using the intrinsic value method.

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 03 SHARE CAPITAL		
Authorised shares		
35,000,000 equity shares of Rs.10/- each	3,500.00	3,500.00
Issued, subscribed and fully paid shares		
9,752,790 (as at 31st March, 2011, 9,752,488) equity shares of Rs. 10/- each, fully paid-up	975.28	975.25
Issued, subscribed but not fully paid shares (refer note 3f)		
8,307(as at 31st March, 2011, 8,609) equity shares of Rs. 10/- each, Rs.5/- not paid-up	0.83	0.86
less, Calls in arrears	0.42	0.43
	0.41	0.43
Total	**975.69**	**975.68**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Particulars	Opening balance	Buyback	Closing balance
Equity shares with voting rights			
Year ended 31st March, 2012			
– Number of shares	9,761,097	–	9,761,097
– Amount (Rs. in lacs)	976.11	–	976.11
Year ended 31st March, 2011			
– Number of shares	10,099,889	338,792	9,761,097
– Amount (Rs. in lacs)	1,009.99	33.88	976.11

b. Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of dividend, per share, recognized as distributions to equity shareholders is Rs. 75/- (year ended 31st March, 2011, Rs. 15/-).

c. Details of shareholders holding more than 5% shares in the Company:

Equity shares of Rs. 10/- each fully paid	31st March 2012		31st March 2011	
Name	Nos.	% holding	Nos.	% holding
Mafatlal Impex Private Limited	1,085,193	11.12	1,085,193	11.12
Suremi Trading Private Limited	976,619	10.01	934,154	9.57
NOCIL Limited	566,340	5.80	566,340	5.80

d. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 31.

e. During the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Equity shares bought back by the Company	–	338,792	–	–	–

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 03 SHARE CAPITAL *(Contd.)*

Pursuant to the decision of the Board of Directors of the Company taken in its meeting dated 24th September, 2010, the Company bought back 338,792 equity shares of nominal value of Rs. 10/- each at a price of Rs. 400/- per share for an aggregate value of Rs. 1,355.17 lacs during the previous year under Section 77A of the Companies Act, 1956 through tender offer by utilising the Securities premium account to the extent of Rs. 1,321.29 lacs. The Capital redemption reserve was created out of General reserve for Rs. 33.88 lacs being the nominal value of shares thus bought back. All the equity shares bought back were extinguished by 5th March, 2011.

f. Calls unpaid (by other than officers and directors)

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
8,307 (previous year 8,609) equity shares of Rs.10/- each, Rs. 5/- called up but unpaid	0.42	0.43

g. Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 04 RESERVES AND SURPLUS		
Capital reserve no. 1		
Balance of excess of assets over liabilities and reserves taken over pursuant to the scheme of demerger of MIL		
As per last Balance sheet	8,035.17	8,035.17
Capital reserve no. 2		
Compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances		
As per last Balance sheet	6,281.56	6,281.56
add, received during the year	541.64	–
	6,823.20	6,281.56
Capital redemption reserve		
As per last Balance sheet	33.88	–
add, transferred from General reserve	–	33.88
	33.88	33.88
Securities premium account		
As per last Balance sheet	1,052.79	2,374.08
less, utilised for buy-back of shares	–	1,321.29
less, amount in arrears (net of receipts during the year, Rs. 0.08 lacs; as at 31st March, 2011, Rs. 0.05 lacs)	2.07	2.15
	1,050.72	1,050.64
Contingency reserve		
Reserve created in terms of a corporate guarantee given		
As per last Balance sheet	1,000.00	1,000.00
	1,000.00	1,000.00
Debenture redemption reserve		
As per last Balance sheet	35.00	229.50
less, transferred to General reserve	35.00	194.50
	–	35.00

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 04 RESERVES AND SURPLUS *(Contd.)*		
General reserve		
As per last Balance sheet	2,545.34	1,668.22
add, transferred from surplus in Statement of Profit and Loss	2,320.00	716.50
add, transferred from Debenture redemption reserve	35.00	194.50
less, transferred to Capital redemption reserve	–	33.88
	4,900.34	2,545.34
Surplus in Statement of Profit and Loss		
Balance as per last Balance Sheet	13,223.09	8,502.10
add, profit for the year	23,123.56	7,164.38
	36,346.65	**15,666.48**
less, appropriations		
Interim dividend (Rs. 8.50/- per share, previous year, Rs. 6.50/- per share)	829.69	656.49
Proposed final dividend (Rs. 6.50/- per share, previous year, Rs. 8.50/- per share)	634.47	829.69
Proposed special dividend (Rs. 60/- per share, previous year, *nil*)	5,856.66	–
Corporate tax on dividend	1,187.63	240.71
Transferred to General reserve	2,320.00	716.50
Total appropriations	**10,828.45**	**2,443.39**
	25,518.20	**13,223.09**
Total	**47,361.51**	**32,204.68**

Notes 05 DEFERRED TAX LIABILITIES (NET)		
Difference between book and tax written down values of fixed assets	3,015.36	2,737.00
Gross deferred tax liability	**3,015.36**	**2,737.00**
Deferred tax asset		
Adjustment to the carrying amount of investment	–	648.90
Provision for doubtful debts / advances	130.37	141.72
Others	21.07	32.41
Gross deferred tax asset	**151.44**	**823.03**
Net deferred tax liability	**2,863.92**	**1,913.97**

Notes 06 OTHER LONG-TERM LIABILITIES		
Trade payables	–	757.95
Others		
Advance against project contracts	303.24	303.24
Security deposits received	349.16	345.01
Others		
– Iraq gas project	1,031.70	1,031.70
– Land development	329.95	329.95
	2,014.05	**2,767.85**

Notes 07 LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	283.51	224.25
Total	**283.51**	**224.25**

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 08 SHORT-TERM BORROWINGS		
Secured		
Cash credit from banks	1,242.53	865.94
Buyers' credit from banks	8,091.86	4,041.46
Total	**9,334.39**	**4,907.40**

Cash credit and buyers' credit from banks are secured by hypothecation of certain stocks and book debts of the Company, both present and future and second charge created / to be created on all the fixed assets of the Company situated at Bhestan and certain fixed assets at Dewas.

Notes 09 TRADE PAYABLES		
Trade payables *	4,515.37	5,523.64
Total	**4,515.37**	**5,523.64**

* Dues to Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information collected. The total amount remaining unpaid as at the end of the year is Rs. 71.50 lacs (previous year, nil) (refer note 40)

Notes 10 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (secured)		
Debentures *	–	140.00
Nil (as at 31st March, 2011, 140,000) Zero Coupon Secured		
Redeemable at par Non-Convertible Debentures of Rs. 100/- each		
Unpaid dividend	96.98	72.51
Unpaid money on buy-back of shares	4.47	4.47
Other payables		
Statutory dues payable	174.98	158.91
Trade / security deposits	515.47	457.69
Advance from customers	177.32	161.68
Provision for gratuity (refer note 30)	49.10	113.47
Other liabilities (secured by pledge of investments of a group company)	–	191.67
Total	**1,018.32**	**1,300.40**

* Zero Coupon Non-Convertible Debentures have been redeemed on 6th August 2011. (They were secured by first mortgage on the Company's immovable property at first floor of Kalpataru Point, Sion, Mumbai.)

Notes 11 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	100.31	69.33
	100.31	69.33
Other Provisions		
Provision for tax (net of advance tax Rs. 1,163.95 lacs, as at 31st March, 2011, Rs. 4,784.31 lacs)	8.82	515.53
Provision for proposed equity dividend	6,491.13	829.69
Provision for tax on proposed dividend	1,053.03	134.60
	7,552.98	**1,479.82**
Total	**7,653.29**	**1,549.15**

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 12 FIXED ASSETS *(Rupees in lacs)*

Tangible assets	Gross block				Depreciation/amortisation				Impairment		Net Block	
	As at 1st April, 2011	Additions/ adjustments	Deductions/ adjustments	As at 31st March, 2012	As at 1st April 2011	For the year	Deductions/ adjustments	Upto 31st March, 2012	As at 1st April 2011	Adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
Owned Assets												
Freehold land	10.56	–	–	10.56	–	–	–	–	–	–	10.56	10.56
Leasehold land	1.00	2,594.99	–	2,595.99	–	1.65	–	1.65	–	–	2,594.34	1.00
Buildings	1,621.70	1,092.84	–	2,714.54	229.52	52.27	–	281.79	–	–	2,432.75	1,392.18
Plant and machinery	22,591.96	4,417.85	471.78	26,538.03	7,586.41	1,518.49	237.03	8,867.87	–	–	17,670.16	15,005.55
Furniture and fixtures	313.22	44.74	38.94	319.02	89.66	18.25	37.85	70.06	–	–	248.96	223.56
Vehicles	365.91	28.24	81.28	312.87	107.34	30.88	41.66	96.56	–	–	216.31	258.57
Office equipment	503.47	159.26	101.80	560.93	217.35	52.17	81.49	188.03	–	–	372.90	286.12
Total	**25,407.82**	**8,337.92**	**693.80**	**33,051.94**	**8,230.28**	**1,673.71**	**398.03**	**9,505.96**	**–**	**–**	**23,545.98**	**17,177.54**
As at and for the year ended 31st March, 2011												
Assets in active use	21,881.92	4,408.67	882.77	25,407.82	7,234.53	1,270.91	275.16	8,230.28	19.02	(19.02)	17,177.54	
Assets retired form active use	2,027.46	1.17	2,028.63	–	1,114.90	–	1,114.90	–	450.71	(450.71)	–	
	23,909.38	4,409.84	2,911.40	25,407.82	8,349.43	1,270.91	1,390.06	8,230.28	469.73	(469.73)	17,177.54	

Intangible assets	Gross block				Depreciation/amortisation				Impairment		Net Block	
	As at 1st April, 2011	Additions/ adjustments	Deductions/ adjustments	As at 31st March, 2012	As at 1st April 2011	For the year	Deductions/ adjustments	Upto 31st March, 2012	As at 1st April 2011	Adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
Computer software	117.46	31.31	–	148.77	27.48	22.16	–	49.64	–	–	99.13	89.98
Total	**117.46**	**31.31**	**–**	**148.77**	**27.48**	**22.16**	**–**	**49.64**	**–**	**–**	**99.13**	**89.98**
As at and for the year ended 31st March, 2011	97.53	19.93	–	117.46	9.18	18.30	–	27.48	–	–	89.98	–
Capital work-in-progress											523.04	3,223.69

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 13 NON-CURRENT INVESTMENTS

(Rupees in lacs)

	As at 31st March, 2012			As at 31st March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) **Investment property** (at cost less accumulated depreciation, given on operating lease)						
Cost of premises	–	4,759.32	4,759.32	–	2.58	2.58
add, purchased during the year	–	–	–	–	4,756.74	4,756.74
less, accumulated depreciation	–	144.88	144.88	–	67.33	67.33
Net	–	**4,614.44**	**4,614.44**	–	**4,691.99**	**4,691.99**
(b) **Non-trade investments** (valued at cost unless stated otherwise)						
Investment in equity instruments						
(i) *of subsidiaries*						
150,000 (as at 31st March, 2011, 150,000) equity shares of Sulakshana Securities Limited of Rs. 10/- each, fully paid-up	–	15.00	15.00	–	15.00	15.00
5,100 (as at 31st March, 2011, *nil*) equity shares of Manchester Organics Limited of £ 0.01 each, fully paid-up	–	3,265.12	3,265.12	–	–	–
(ii) *of associates*						
17,747,072 (as at 31st March, 2011, 17,747,072) equity shares of Mafatlal Denim Limited of Rs. 10/- each, fully paid-up	–	1,552.73	1,552.73	–	1,552.73	1,552.73
(iii) *of other companies*						
481,600 (as at 31st March, 2011, 481,600) equity shares of Cebon Apparel Private Limited of Rs. 10/- each, fully paid-up	–	9.03	9.03	–	9.03	9.03
9,300 (as at 31st March, 2011, 9,300) equity shares of Mafatlal Services Limited of Rs. 100/- each, fully paid-up	–	12.74	12.74	–	12.74	12.74
6,850,000 (as at 31st March, 2011, *nil*) equity shares of NOCIL Limited of Rs. 10/- each, fully paid-up	1,137.84	–	1,137.84	–	–	–
	1,137.84	4,854.62	5,992.46	–	1,589.50	1,589.50
less, Adustment to the carrying amount of investment	–	15.00	15.00	–	1,567.73	1,567.73
	1,137.84	**4,839.62**	**5,977.46**	–	**21.77**	**21.77**
Investment in preference shares						
30,000,000 (as at 31st March, 2011, 60,000,000) Fully Redeemable Non-Cumulative preference shares of Mafatlal Industries Limited of Rs. 10/- each, fully paid-up	–	3,000.00	3,000.00	–	6,000.00	6,000.00
less, Adustment to the carrying amount of investment	–	–	–	–	5,940.00	5,940.00
	–	**3,000.00**	**3,000.00**	–	**60.00**	**60.00**
Investment in bonds						
150 * 11% Corporate bonds - series IV of Housing Development Finance Corporation	–	1.50	1.50	–	1.50	1.50
Investment in mutual funds (face value of Rs. 10/- each)						
8,000,000 (as at 31st March, 2011, *nil*) units of SBI Debt Fund Series 8 - 15 months	–	800.00	800.00	–	–	–
6,000,000 (as at 31st March, 2011, *nil*) units of Tata Fixed Maturity Plan Series 39 Scheme B	–	600.00	600.00	–	–	–

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 13 NON-CURRENT INVESTMENTS *(Contd.)*

(Rupees in lacs)

	As at 31st March, 2012			As at 31st March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
6,000,000 (as at 31st March, 2011, *nil*) units of Sundaram Fixed Term Plan - CK - 18 months	–	600.00	600.00	–	–	–
5,000,000 (as at 31st March, 2011, *nil*) units of DWS Fixed Maturity Plan - Series 2	–	500.00	500.00	–	–	–
6,000,000 (as at 31st March, 2011, *nil*) units of ICICI Prudential FMP Series 62 - 396 Days Plan F	–	600.00	600.00	–	–	–
6,000,000 (as at 31st March, 2011, *nil*) units of DWS Fixed Maturity Plan - Series 6	–	600.00	600.00	–	–	–
5,000,000 (as at 31st March, 2011, *nil*) units of Tata Fixed Maturity Plan Series 40 Scheme A	–	500.00	500.00	–	–	–
5,000,000 (as at 31st March, 2011, *nil*) units of ICICI Prudential FMP Series 63 - 370 Days Plan D	–	500.00	500.00	–	–	–
3,000,000 (as at 31st March, 2011, *nil*) units of Sundaram Fixed Term Plan - CQ - 370 days	–	300.00	300.00	–	–	–
	–	5,000.00	5,000.00	–	–	–
Investment in partnership firm						
Capital contribution in Urvija Associates (subsidiary)	–	0.80	0.80	–	0.80	0.80
Total	1,137.84	17,456.36	18,594.20	–	4,776.06	4,776.06
Aggregate amount of quoted investments			1,137.84			–
Aggregate market value of listed and quoted investments			1,140.53			–
Aggregate amount of unquoted investments			17,456.36			4,776.06

Details of investment in partneship firm - Urvija Associates				
Name of the partner	Total capital	Share of profits	Total capital	Share of profits
Navin Fluorine International Limited	0.80	80%	0.80	80%
Mayflower Textiles Private Limited	0.10	10%	0.10	10%
Myrtle Textiles Private Limited	0.10	10%	0.10	10%

* Pending transfer in the Company's name and not available for physical verification.

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 14 LONG-TERM LOANS AND ADVANCES		
Capital advances		
Unsecured, considered good	73.47	256.68
Security deposits		
Unsecured, considered good	470.33	439.24
Loans and advances to related parties (refer note 42)		
Secured considered good	2,396.70	8,357.15
Unsecured, considered good	59.28	51.91
Doubtful	380.37	380.37
	2,836.35	8,789.43
Provision for doubtful advances	380.37	380.37
	2,455.98	**8,409.06**
Loans and advances to employees (unsecured, considered good)	31.90	45.40
Prepaid expenses (unsecured, considered good)	1.32	–
Advance income-tax (net of provision Rs. 19,605.15 lacs, as at 31st March, 2011, Rs. 8,115.15 lacs) (unsecured, considered good)	1,161.08	746.04
Advance fringe benefit tax (net of provision Rs. 101.50 lacs, as at 31st March, 2011, Rs. 101.50 lacs)	12.25	12.25
Other loans and advances (unsecured, considered good)		
Iraq gas project	162.70	162.70
Land development	227.26	227.26
	1,596.51	**1,193.65**
Total	**4,596.29**	**10,298.63**
Notes,		
Loans and advances in the nature of loans, due from:		
Subsidiary Company:		
Sulakshana Securities Limited	2,806.57	2,799.07
Maximum amount outstanding during the year	2,806.57	2,799.07
Others:		
Staff	29.68	36.81
(interest bearing with repayment schedules beyond seven years)		
Maximum amount outstanding during the year	36.81	36.81

Notes 15 CURRENT INVESTMENTS (valued at lower of cost or fair value)		
Unquoted		
Investment in mutual funds (face value of Rs. 10/- each)		
7,000,000 (as at 31st March, 2011, *nil*) units of ICICI Prudential Banking & PSU Debt Fund - Premium Plus	700.00	–
12,000,000 (as at 31st March, 2011, *nil*) units of IDFC Money Manager Fund - Investment Plan - Plan B - (Institutional)	1,200.00	–
Total	**1,900.00**	–

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 16 INVENTORIES (valued at lower of cost and net realizable value)		
Raw materials	4,864.43	2,789.55
Work-in-progress	385.17	–
Finished goods	2,267.66	1,651.75
Traded goods	73.52	0.81
Stores and spares	810.83	1,068.09
Total	8,401.61	5,510.20
Details of work-in-progress		
Fluoro chemicals	385.17	–

	As at 31st March, 2012	As at 31st March, 2011
Notes 17 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	25.92	10.77
Doubtful	11.11	12.16
	37.03	22.93
less, provision for doubtful trade receivables	11.11	12.16
	25.92	**10.77**
Other receivables		
Unsecured, considered good	6,213.43	5,768.73
Doubtful	7.89	8.21
	6,221.32	5,776.94
less, provision for doubtful trade receivables	7.89	8.21
	6,213.43	**5,768.73**
Total	6,239.35	5,779.50

	As at 31st March, 2012	As at 31st March, 2011
Notes 18 CASH AND CASH EQUIVALENTS		
Cash and Cash equivalents		
Cash on hand	6.34	6.33
Cheques on hand	14.03	1.17
Balances with banks		
in current accounts	1,046.30	376.30
in deposits accounts	9,300.00	1,246.33
	10,366.67	1,630.13
in earmarked accounts		
– unpaid dividend account	96.98	72.51
– buy-back account	38.47	38.47
– post office savings bank account (security deposit)	0.06	0.06
	135.51	111.04
Total	10,502.18	1,741.17

Balances with banks include deposits amounting to Rs. 8,925 lacs (as at 31st March, 2011, Rs. 946 lacs) which have original maturities of more than 12 months.

Certain current accounts with banks, which have been transferred from MIL pursuant to its scheme of demerger, are in the process of being transferred in the Company's name.

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 19 SHORT-TERM LOANS AND ADVANCES		
Loan and advances to related parties (refer note 42)		
Unsecured, considered good	10.55	6.85
	10.55	6.85
Security deposits		
Unsecured, considered good	80.88	162.37
Doubtful	–	25.10
	80.88	187.47
less, provision for doubtful deposits	–	25.10
	80.88	162.37
Loans to employees (unsecured, considered good)	18.28	26.65
Prepaid expenses (unsecured, considered good)	24.38	13.71
Balances with statutory / government authorities (unsecured, considered good)		
CENVAT credit receivable	279.66	314.25
Service tax credit receivable	163.14	144.83
Inter- corporate deposits (including interest accrued) (unsecured, considered good)	–	522.68
	485.46	1,022.12
Other loans and advances (unsecured, including advance to suppliers)		
Unsecured, considered good	539.90	1,422.40
Doubtful	2.43	10.96
	542.33	1,433.36
Provision for doubtful advances	2.43	10.96
	539.90	1,422.40
Total	1,116.79	2,613.74
Notes,		
Loans and advances in the nature of loans, due from:		
Staff (interest bearing)	9.57	11.28
Maximum amount outstanding during the year	11.28	11.28

Notes 20 OTHER CURRENT ASSETS		
Interest accrued on fixed deposits with banks	484.04	49.71
Rent receivable	17.44	106.80
Total	501.48	156.51

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 21 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished goods	72,234.31	44,638.14
Traded goods	531.03	347.69
	72,765.34	44,985.83
Other operating revenue		
Scrap sales	273.74	105.23
Revenue from operations (gross)	**73,039.08**	**45,091.06**
less, Excise Duty *	2,653.23	2,017.02
Revenue from operations (net)	**70,385.85**	**43,074.04**
* Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under 'expenditure' (note 28) represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stocks of finished goods.		
Details of products sold		
Finished goods		
Organic chemicals	113.07	1.36
Synthetic cryolite, Aluminium fluoride, Fluorocarbon gases	19,990.12	16,877.25
Carbon credits	25,190.01	7,832.89
Hydrofluoric acid and other fluorine chemicals	26,051.87	19,321.39
Others (including sulphuric acid and oleum)	889.24	605.25
	72,234.31	44,638.14
Traded goods		
Mafron gases	531.03	347.69
	531.03	347.69
Total	72,765.34	44,985.83

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 22 OTHER INCOME		
Interest income (Refer note 1, below)	876.55	619.40
Dividend income:		
Current investments	3.46	–
Other investments	53.46	31.30
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investments	7,492.72	–
Net gain on foreign currency transaction and translation	–	95.15
Other non-operating income (Refer note 2, below)	674.34	292.89
Total	9,100.53	1,038.74
Notes,		
1. Interest income comprises:		
Interest from banks on deposits	640.68	148.17
Interest on loans & advances	3.78	4.87
Other interest	232.09	466.36
	876.55	619.40
2. Other non-operating income:		
Rental income from investment property	521.07	261.32
Provision for doubtful debts / advances written back / credit balances written back	123.44	15.20
Excess provision of earlier years written back (net)	3.83	0.72
Insurance claims	9.59	7.71
Miscellaneous income	16.41	7.94
	674.34	292.89

Notes 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished goods	2,267.66	1,651.75
Work-in-process	385.17	–
Stock-in-trade	73.52	0.81
	2,726.35	1,652.56
Inventories at the beginning of the year		
Finished goods	1,651.75	1,397.47
Work-in-process	–	53.20
Stock-in-trade	0.81	8.63
Total	1,652.56	1,459.30
Net increase	1,073.79	193.26

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 24 COST OF RAW MATERIALS CONSUMED		
Inventories at the beginning of the year	2,789.55	2,632.74
add, purchases	27,271.39	17,189.65
	30,060.94	19,822.39
less, Inventories at the end of the year	4,864.43	2,789.55
Cost of raw materials consumed	**25,196.51**	**17,032.84**
Details of raw materials consumed		
Fluorspar	8,009.61	5,385.03
Chloromethanes	5,172.27	3,750.75
Spor 11	2,260.98	911.75
Sulphur	1,382.69	864.00
Others	8,370.96	6,121.31
Total	**25,196.51**	**17,032.84**
Purchases of stock-in-trade-Mafron gases	557.09	321.82
	557.09	**321.82**

Notes 25 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	3,555.66	2,481.64
Contribution to provident and other funds	337.25	340.50
Staff welfare expenses	194.66	156.77
Total	**4,087.57**	**2,978.91**

Notes 26 FINANCE COSTS		
Interest on borrowings	335.61	328.81
Interest on others	18.58	30.77
Total	**354.19**	**359.58**

Notes 27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation for the year on tangible assets	1,673.71	1,270.91
Amortisation of intangible assets	22.16	18.30
Depreciation of investment property	77.55	65.24
Total	**1,773.42**	**1,354.45**

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 28 OTHER EXPENSES		
Consumption of stores and spares	1,532.46	1,278.56
Consumption of packing materials	1,125.37	1,018.84
Excise duty	80.11	47.15
Power and fuel	3,387.56	2,775.86
Rent	239.02	210.83
Repairs to buildings	210.47	35.75
Repairs to machinery	295.57	287.56
Insurance	106.88	64.99
Rates and taxes	302.93	214.50
Commission and discounts	421.50	326.77
Transport and freight charges (net)	1,515.27	1,837.27
Loss on sale / write off of fixed assets (net)	804.05	799.59
Provision for doubtful debts / advances	–	3.28
Bad debts/ advances written off	34.36	19.62
Share of loss in the partnership firm where the Company is a partner	0.13	0.09
Net loss on foreign currency transactions and translations	751.54	–
Donations	531.50	15.00
Legal and professional fees *	2,815.55	1,083.53
Miscellaneous expenses	2,493.51	1,640.73
Total	16,647.88	11,659.92

* includes current market value of carbon credits given to overseas marketing and other service providers.

Payments to auditors		
As auditors - statutory audit	12.50	10.00
For taxation matters	8.50	9.99
For other services	13.29	9.90
Reimbursement of expenses	0.08	–
Total	34.37	29.89

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 29 EARNINGS PER SHARE (EPS):

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

	Current year	Previous year
Profit attributable to equity shareholders – Rupees in lacs	23,123.56	7,164.38
Weighted average number of equity shares outstanding during the year	9,761,097	10,075,756
Basic earnings per share – Rupees	236.90	71.11
Diluted earnings per share – Rupees	236.90	71.11
Nominal value per share – Rupees	10.00	10.00

Note,

Stock options granted to certain executives not being dilutive have not been considered for the purpose of computing diluted earnings per share.

Notes 30 EMPLOYEE BENEFITS:

Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.288.15 lacs (previous year, Rs. 227.01 lacs).

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The charge on account of provision for gratuity and leave encashment has been included in 'Contribution to provident fund and other funds' and 'Salaries, wages and bonus' respectively.

In respect of gratuity (funded) :

(Rupees in lacs)

	Current year	Previous year
Reconciliation of liability recognized in the Balance Sheet		
Present value of commitments	(940.44)	(886.27)
Fair value of plan assets	891.34	772.80
Net liability in the Balance Sheet	(49.10)	(113.47)
Movement in net liability recognized in the Balance Sheet		
Net liability as at beginning of the year	(113.47)	(36.98)
Net expense recognized in the Statement of Profit and Loss	(49.10)	(113.47)
Contribution during the year	113.47	36.98
Net liability as at end of the year	(49.10)	(113.47)

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 30 EMPLOYEE BENEFITS *(Contd.)*

(Rupees in lacs)

	Current year	Previous year
Expense recognized in the Statement of Profit and Loss		
Current service cost	37.48	33.95
Interest cost	73.12	59.50
Expected return on plan assets	(61.82)	(56.54)
Actuarial (gains)/ losses	0.32	76.56
Expense charged to the Statement of Profit and Loss	49.10	113.47
Return on plan assets		
Expected return on plan assets	61.82	56.54
Actuarial gains / (losses)	3.10	0.45
Actual return on plan assets	64.92	56.99
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the year	886.27	743.76
Current service cost	37.48	33.95
Interest cost	73.12	59.50
Paid benefits	(59.85)	(27.95)
Actuarial (gains) / losses	3.42	77.01
Commitments as at end of the year	940.44	886.27
Reconciliation of plan assets		
Plan assets as at beginning of the year	772.79	706.77
Expected return on plan assets	61.82	56.54
Contributions during the year	113.47	36.98
Paid benefits	(59.85)	(27.95)
Actuarial gains / (losses)	3.10	0.45
Plan assets as at end of the year	891.33	772.79

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	Current year	Previous year
Discount rate	8.50%	8.25%
Expected return on plan assets	8.60%	8.00%
Expected rate of salary increase	5.50%	5.50%
Mortality	LIC (1994-96) Ultimate	

Experience adjustment:	2011-12	2010-11	2009-10
On plan liability (gain)/ loss	52.91	91.70	43.15
On plan assets gain/ (loss)	3.10	0.45	(10.34)

	Current year	Previous year
The fair value of the plan assets is distributed in the following manner:	%	%
Deposits with a nationalized bank	22.18	55.01
Various debt instruments	77.82	44.99

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 31 EMPLOYEE STOCK OPTION SCHEME:

a. The Company's Employee Stock Option Scheme has been approved by the Board of Directors of the Company on 1st May 2007.

b. The vesting period is over four years from the date of grant, commencing after one year from the date of grant.

c. Exercise Period would commence one year from date of grant and will expire on completion of ten years from the date of vesting.

d. The options will be settled in equity shares of the Company.

e. The Company used the intrinsic value method to account for ESOPs.

f. The exercise price has been determined to be the market price on the days preceding the dates of grants.

g Consequently, no compensation cost has been recognized by the Company in accordance with the "Guidance Note on Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India.

h. Details of movement of options:

Particulars	As at 31st March, 2012	As at 31st March, 2011
Options outstanding at the beginning of the year	36,300	36,300
Options granted during the year	NIL	NIL
Options vested during the year	8,075	9,075
Options exercised during the year	NIL	NIL
Options forfeited during the year	NIL	NIL
Options lapsed / surrendered during the year	4,000	NIL
Options outstanding at the end of the year	32,300	36,300

i. Had fair value method been used, the compensation cost would have been higher by Rs. 6.73 lacs (previous year Rs 17.33 lacs), Profit after tax would have been lower by Rs. 5.07 lacs (previous year Rs. 11.41 lacs) and EPS – both basic and diluted - would have been Rs. 236.84 per share (previous year Rs. 70.99 per share).

j. Weighted Average exercise price of the above options is Rs. 381/- per share.

Notes 32 LEASES

(a) The Company has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancelable in nature and range between 11 months to 48 months. These leave and license agreements are generally renewable or cancelable at the option of the Company or the lessor. The lease payment recognised in the profit and loss account is Rs. 239.02 lacs (previous year Rs. 210.83 lacs).

(b) The Company has taken office premise under lease rental agreement. Details of minimum lease payments for non-cancellable lease are as under:

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than one year	145.11	142.80
Later than one year and not later than five years	320.75	476.70
Later than five years	–	–
Total	**465.86**	**619.50**

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

(c) The Company has given office premises under lease rental agreement. Details of rent income are as under:

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than one year	275.23	266.93
Later than one year and not later than five years	868.09	992.07
Later than five years	337.42	–
Total	1,480.74	1,259.00
Operating lease rentals credited to the Statement of Profit and Loss	521.07	261.32

(d) Other details of premises which have been given on operating lease for a period of upto sixty months are as under:

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Gross block as at the year end	4759.32	5106.80
Accumulated depreciation as at the year end	144.88	110.51
Depreciation charged during the year	77.55	70.90

Notes 33 SEGMENT INFORMATION

Primary

The Company is engaged in the 'chemicals business' and it is the primary segment.

Secondary

The Company has two geographical segments based upon location of its customers - within and outside India:

(Rupees in lacs)

Particulars	As at and for the year ended 31st March, 2012			As at and for the year ended 31st March, 2011		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	30,912.34	41,853.00	72,765.34	23,718.14	21,267.69	44,985.83
Segment assets	42,074.38	1,775.96	43,850.34	41,979.91	2,111.59	44,091.50
Cost incurred on acquisition of fixed assets	6,196.84	–	6,196.84	5,266.05	–	5,266.05

Notes 34

The Company, in terms of the BIFR sanctioned Scheme of Mafatlal Industries Ltd. (MIL), made substantial investments in MIL and it had also extended certain financial assistance to facilitate their expeditious rehabilitation. Barring the balance investment of Rs 3,000.00 lacs in preference shares (due for redemption 2013 - 2016), the values of all other investments including financial assistance have since been redeemed by MIL. The residual value of preference shares is also expected to be redeemed shortly, much ahead of the due dates. In specific terms:

(i) The Company, pursuant to the BIFR scheme of MIL, made investment of Rs.6,000.00 lacs in the preference shares of MIL and simultaneously made a provision of Rs. 5,940.00 lacs towards diminution in the value of these investments as MIL was a sick company. This provision of Rs.5,940.00 lacs has now been written back as a consequence of MIL deregistering itself from BIFR and its net worth turning substantially positive. The Company has also received Rs. 3,000.00 lacs from MIL during the year towards the redemption proceeds of 50% of its investment in preference shares much before the redemption date.

(ii) The Company, during the year, has received amounts aggregating to Rs. 6,187.32 lacs including interest towards the repayment of monies advanced to MIL and a group company for takeover of loan liabilities of MIL.

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 34 *(Contd.)*

(iii) The Company advanced interest free monies to its wholly owned subsidiary Sulakshana Securities Ltd (SSL) which, at the year end, stands at Rs. 2,806.57 lacs (previous year Rs. 2,799.07 lacs). However, the market value of the assets remaining in SSL, after repayment of all the liabilities taken over by SSL from MIL, far exceeds the value owed by SSL.

(iv) The Company has given a corporate guarantee and created a contingency reserve of Rs.1000.00 lacs at the behest of a lender to MIL. However, the Company expects to write back this contingency reserve after the expiry of the guarantee period as the relevant asset value in connection with which the guarantee was given, far exceeds the value guaranteed.

Notes 35

MIL was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers have asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the SS of MIL, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

Notes 36 CAPITAL AND OTHER COMMITMENTS

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
i. Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	458.27	767.80
ii. Other commitments:		
Estimated amount of obligation on account of non-fulfillment of export commitments under various advance licences	201.44	163.58

Notes 37 CONTINGENT LIABILITIES

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
In respect of:		
a. Excise matters disputed in appeal		
These relate to MODVAT on capital purchases (pending before the Assistant Commissioner) and permit fee on purchase of alcohol (pending before the High Court)	158.20	158.42
b. Claims against the Company not acknowledged as debts		
Labour matters involving issues like regularization of employment, termination of employment, compensation against severance, etc.	22.65	22.34
c. Sales-tax matters disputed in appeal		
These relate to classification of goods and consequent dispute on the rates of sales-tax (pending at various stages from Assistant Commissioner to High Court)	201.96	209.42
d. Income tax matters disputed in appeal	629.17	629.17
In all the above matters, the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.		

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 38 DERIVATIVE INSTRUMENTS

a. The Company enters into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to such forward contracts is a bank. These contracts are entered into to hedge the foreign currency risks on firm commitments. Details of forward contracts outstanding as at the year end:

(Rupees in lacs)

Currency	As at and year ended		
	Exposure to buy / sell	Rupees in lacs	Foreign currency in lacs
US Dollars	Sell	737.22	14.73
		(–)	(–)

Note: Figures in brackets are for the previous year.

b. Net exchange difference in respect of forward contracts to be credited - debited in subsequent accounting year amounts to debit Rs. 25.46 lacs (as at 31st March, 2011, Rs. *nil*).

c. Foreign currency exposure at the year end not hedged by derivative instruments

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Receivables against export of goods and services		
Rupees	1639.08	1,960.68
US Dollars	29.12	44.08
Euros	2.28	–
Pound	0.04	–
Advance received from customers		
Rupees	25.82	11.80
US Dollars	0.51	0.26
Payables against import of goods and services		
Rupees	9000.79	5,765.01
US Dollars	176.91	128.34
Advance payment to suppliers		
Rupees	50.46	197.53
US Dollars	0.94	1.92
Euros	–	1.21
Yens	–	50.50
Pound	–	0.13

Notes 39

Research and development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amount to Rs. 587.46 lacs (previous year, Rs. 434.75 lacs).

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 40

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	71.50	–
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Notes 41

The Company has not made any remittances in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders are as follows:

	Year ended 31st March, 2012	Year ended 31st March, 2011
Year to which dividend relates	2010-11	2009-10
Number of non-resident shareholders	345	334
Number of shares held by them on which dividend is due	166,027	182,063
Amount remitted to bank accounts in India of non-resident shareholders – Rupees in lacs	14.11	13.65

Year to which dividend relates	Interim 2011-12	Interim 2010-11
Number of non-resident shareholders	332	352
Number of shares held by them on which dividend is due	547,046	185,093
Amount remitted to bank accounts in India of non-resident shareholders – Rupees in lacs	46.50	12.03

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 42 RELATED PARTY TRANSACTIONS

Names of related parties where control exists

Sulakshana Securities Limited – subsidiary company

Manchester Organics Limited – subsidiary company (w.e.f. 04.05.2011)

Urvija Associates – a partnership firm where the Company is a majority partner

Key management personnel

Shri Hrishikesh A. Mafatlal (in the capacity of an individual/ trustee)

Shri Vishad P. Mafatlal (in the capacity of an individual/ karta)

Shri Atul K. Srivastava

Shri Satish D. Kakade (upto 31.12.2010)

Shri Shekhar S. Khanolkar

Associate

Mafatlal Denim Limited

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Mafatlal Industries Limited

Mafatlal Fabrics Private Limited

NOCIL Limited

Sunanda Industrial Machinery Limited

Seth Navinchandra Mafatlal Foundation Trust

Details of transactions with related parties during the year/ previous year

(Rupees in lacs)

Nature of transactions	1	2	3	4	Total
Sale of finished goods					
NOCIL Limited	3.42				3.42
	7.26				*7.26*
Mafatlal Denim Limited		0.43			0.43
		–			–
Manchester Organics Limited			141.99		141.99
			–		–
Purchase of raw materials					
Manchester Organics Limited			2.75		2.75
			–		–
Rental income					
NOCIL Limited	31.77				31.77
	31.77				*31.77*
Interest income					
Sunanda Industrial Machinery Limited	111.57				111.57
	202.60				*202.60*
Mafatlal Industries Limited	109.22				109.22
	261.41				*261.41*
Purchase of cloth for uniform					
Mafatlal Fabrics Private Limited	8.01				8.01
	1.93				*1.93*
Managerial remuneration					
Shri Hrishikesh A. Mafatlal				417.41	417.41
				202.74	*202.74*
Shri Vishad P.Mafatlal				10.00	10.00
				5.00	*5.00*

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 42 RELATED PARTY TRANSACTIONS *(Contd.)*

Details of transactions with related parties during the year/ previous year *(Contd.)*

(Rupees in lacs)

Nature of transactions	1	2	3	4	Total
Shri Atul K. Srivastava				137.08	137.08
				117.71	*117.71*
Shri Satish D. Kakade				–	–
				88.27	*88.27*
Shri Shekhar S. Khanolkar				140.20	140.20
				90.30	*90.30*
Sitting fees					
Shri Vishad P. Mafatlal				1.60	1.60
				0.80	*0.80*
Share of loss in a partnership firm					
Urvija Associates			0.13		0.13
			0.09		*0.09*
Capital contribution in a partnership firm					
(Urvija Associates)					
– current			0.13		0.13
			0.09		*0.09*
Investment in equity shares					
NOCIL Limited	1,137.84				1,137.84
	–				–
Manchester Organics Limited			3,265.12		3,265.12
			–		–
Redemption of preference shares					
Mafatlal Industries Limited	3,000.00				3,000.00
	–				–
Advances given to					
Mafatlal Industries Limited	6.58				6.58
	95.10				*95.10*
Sulakshana Securities Limited			7.50		7.50
			5.00		*5.00*
Repayment of advance from					
Mafatlal Industries Limited	3,480.93		–		3,480.93
	–		–		–
Sunanda Industrial Machinery Ltd	2,706.39				2,706.39
	20.25				*20.25*
Donation					
Seth Navinchandra Mafatlal Foundation Trust	500.00				500.00
	–				–
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investments					
Mafatlal Denim Limited		1,552.73			1,552.73
		–			–
Mafatlal Industries Limited	5,940.00				5,940.00
	–				–

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 42 RELATED PARTY TRANSACTIONS *(Contd.)*

Details of transactions with related parties during the year/ previous year *(Contd.)*

(Rupees in lacs)

Nature of transactions	1	2	3	4	Total
As at the year end					
Amounts due to					
Mafatlal Fabrics Private Limited	–				–
	1.93				*1.93*
NOCIL Limited	1.50				1.50
	0.65				*0.65*
Shri Hrishikesh A. Mafatlal				378.00	378.00
				166.90	*166.90*
Shri Vishad P.Mafatlal				10.00	10.00
				5.00	*5.00*
Shri Shekhar S. Khanolkar				43.00	43.00
				7.50	*7.50*
Shri Satish D. Kakade				–	–
				20.00	*20.00*
Shri Atul K. Srivastava				36.00	36.00
				30.00	*30.00*
Amounts due from					
Mafatlal Industries Limited	12.32				12.32
	3,377.45				*3,377.45*
Manchester Organics Limited			4.77		4.77
			–		*–*
Mafatlal Denim Limited		0.04			0.04
		0.83			*0.83*
Urvija Associates			29.78		29.78
			29.91		*29.91*
Sulakshana securities limited			2,806.57		2,806.57
			2,799.07		*2,799.07*
Sunanda Industrial Machinery Limited	–				–
	2,594.82				*2,594.82*
Provision for amounts receivable (Note 1)			380.37		380.37
			380.37		*380.37*

1. Enterprises over which key management personnel and their relatives are able to exercise significant influence
2. Associate
3. Related parties where control exists
4. Key management personnel

Notes

1. There are no amounts written off or written back during the year in respect of debts due from or to related parties. In an earlier year, provision for doubtful advance of Rs. 380.37 lacs was made for Sulakshana Securities Limited.
2. Figures in italics are those as at and for the year ended 31st March, 2011

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 43 VALUE OF IMPORTS AND VALUE OF RAW MATERIALS, STORES, SPARES AND PACKING MATERIALS CONSUMED

(a) CIF value of imports

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Raw materials	18,796.98	10,720.59
Stores, spares and packing materials	77.88	15.30
Capital goods	316.98	94.66

(b) Consumption of raw materials and stores, spares and packing materials

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Rupees in lacs	Percentage of consumption	Rupees in lacs	Percentage of consumption
Raw materials				
Imported	18,537.83	73.57	12,317.07	72.31
Indigenous	6,658.68	26.43	4,715.77	27.69
	25,196.51	100.00	17,032.84	100.00
Stores, spares and packing materials				
Imported	9.92	0.37	9.93	0.43
Indigenous	2,647.92	99.63	2,287.47	99.57
	2,657.84	100.00	2,297.40	100.00

Notes 44 EXPENDITURE IN FOREIGN CURRENCY

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Travelling expenses	33.35	41.55
(b) Commission	17.06	45.79
(c) Legal and professional fees	26.86	26.05
(d) ISO tank rental	293.98	298.50
(e) Others	603.51	327.33

Notes forming part of Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 45 EARNINGS IN FOREIGN EXCHANGE

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) FOB value of exports	16,348.78	13,051.03
(b) FOB value of carbon credits	25,190.01	7,832.89
(c) Contract Research Income	86.33	21.28

Notes 46

The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

H. A. Mafatlal
Chairman

S. S. Khanolkar
Managing Director

N. B. Mankad
Company Secretary

V. P. Mafatlal
S. S. Lalbhai
A. K. Srivastava
P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Mumbai, dated, 30th April, 2012

CONSOLIDATED ACCOUNTS

Consolidated Auditors' report

To,
THE BOARD OF DIRECTORS OF
NAVIN FLUORINE INTERNATIONAL LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Navin Fluorine International Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of an associate, in which the share of profit of the Group is Rs.221.92 lacs (Previous year Nil) and subsidiaries whose financial statements reflect total assets of Rs. 1777.52 lacs as at 31st March, 2012, total revenue Rs. 2220 lacs and net cash flow Rs. 4.72 lacs for the year ended on that date, (Previous year total assets Rs. 30.81 lacs, total revenues Nil and net cash flow Rs 0.11 lacs) as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associate is based solely on the reports of the other auditors.

4. Without qualifying our report, we draw attention to Note 44 regarding non-accounting of rent/recovery of expenses, Rs 108.83 lacs (Previous Year Rs 108.83 lacs).

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006

6. Further to our comments in para 4 above, based on our audit and on consideration of separate audit reports on individual financial statements of the Company and the aforesaid subsidiaries and associate and to the best of our information, and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2012;

   b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the Group for 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.

For **Deloitte Haskins & Sells,**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

Consolidated Balance Sheet as at 31st March 2012

(Rupees in lacs)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	975.69	975.68
Reserves and surplus	4	46,794.02	32,866.34
		47,769.71	33,842.02
Minority Interest		626.22	0.05
Non-current liabilities			
Long-term borrowings	5	106.27	–
Deferred tax liabilities (net)	6	2,863.92	1,913.97
Other Long term liabilities	7	2,014.00	2,767.84
Long-term provisions	8	283.51	224.25
		5,267.70	4,906.06
Current liabilities			
Short-term borrowings	9	9,353.79	4,907.40
Trade payables	10	4,644.89	5,530.03
Other current liabilities	11	1,048.58	1,300.45
Short-term provisions	12	7,701.32	1,549.36
		22,748.58	13,287.24
	Total	76,412.21	52,035.37
ASSETS			
Non-current assets			
Fixed assets	13		
Tangible assets		25,669.10	18,699.76
Intangible assets		99.13	89.98
Capital work-in-progress		523.04	3,223.69
		26,291.27	22,013.43
Goodwill on consolidation		4,095.68	1,490.99
Non-current investments	14	13,997.47	4,775.26
Long-term loans and advances	15	2,222.44	7,923.14
		46,606.86	36,202.82
Current assets			
Current Investments	16	1,900.00	–
Inventories	17	8,863.01	5,510.20
Trade receivables	18	6,646.97	5,779.50
Cash and cash equivalents	19	10,682.34	1,772.60
Short-term loans and advances	20	1,113.59	2,613.74
Other current assets	21	599.44	156.51
		29,805.35	15,832.55
	Total	76,412.21	52,035.37
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

H. A. Mafatlal
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Managing Director

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Company Secretary

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S. S. Lalbhai
A. K. Srivastava
P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Consolidated Statement of Profit and Loss for the year ended 31st March 2012

(Rupees in lacs)

	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from operations (gross)	22	75,120.32	45,091.06
less, excise duty		2,653.71	2,017.02
Revenue from operations (net)		72,466.61	43,074.04
Other income	23	7,575.09	1,063.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	1,173.85	193.26
	Total	**81,215.55**	**44,331.04**
EXPENSES			
Cost of materials consumed	25	26,145.13	17,032.84
Purchases of stock-in-trade	25	557.09	321.82
Employee benefits expense	26	4,898.89	2,978.91
Finance costs	27	356.33	359.58
Depreciation and amortization expense	28	1,881.79	1,383.54
Other expenses	29	16,984.95	11,682.93
	Total	**50,824.18**	**33,759.62**
Profit before tax		30,391.37	10,571.42
Tax expense			
Current tax		7,913.09	3,622.81
Deferred tax		949.95	(185.86)
		8,863.04	**3,436.95**
Profit for the year (before adjustment for share in associate and minority interest)		21,528.33	7,134.47
Current year's share of profit in associate		221.92	–
Minority Interest		8.54	0.02
Profit for the year		**21,758.79**	**7,134.49**
Earnings per share (of face value of Rs. 10/- each):			
Basic	31	222.91	70.81
Diluted	31	222.91	70.81
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

Mumbai, dated, 30th April, 2012

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R. Sankaran
S. G. Mankad
S. M. Kulkarni
} *Directors*

Consolidated Cash Flow Statement for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**30,391.37**	**10,571.42**
adjustments for,		
Depreciation/ amortization	1,881.79	1,383.55
Loss on sale/write off of fixed assets (net)	802.19	799.59
Provision for doubtful debts/advances written back	(35.00)	(15.20)
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investments	(5,939.99)	–
Interest expense	356.33	359.58
Interest income	(876.62)	(619.40)
Net loss / (gain) on foreign currency transactions and translations	503.21	(20.74)
Share of loss in the partnership firm where the Company is a partner	0.13	0.09
Dividend on long-term investments (non-trade)	(56.92)	(31.30)
Bad debts written off	34.36	19.62
Excess provision of earlier years written back	(3.83)	(0.72)
Provision for doubtful debts / advances	–	3.28
Operating profit before working capital changes	**27,057.02**	**12,449.77**
(Increase)/ decrease in trade receivables	(659.32)	(1,927.79)
(Increase)/ decrease in inventories	(3,032.29)	(792.39)
(Increase)/ decrease in loans and advances	1,313.51	(561.05)
Increase/ (decrease) in trade and other payables	(2,228.94)	(2,914.38)
	(4,607.05)	**(6,195.61)**
Cash generated from operations	**22,449.97**	**6,254.16**
Direct taxes and fringe benefit tax paid	(8,832.14)	(3,134.84)
Net cash generated from operating activities	**13,617.83**	**3,119.32**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,200.56)	(4,800.65)
Share of loss in the partnership firm where the Company is a partner	(0.13)	(0.09)
Amounts paid for acquiring Mafatlal Industries Limited debts from a bank on assignment basis	(197.74)	(854.92)
Amounts refunded by Sunanda Industrial Machinery Ltd.	2,706.39	–
Amounts refunded by Mafatlal Industries Ltd.	3,480.93	–
Redemption of investments in preference shares	3,000.00	–
Purchase of investments	(8,037.84)	(4,756.74)
Amount paid for acquisition of subsidiary	(3,265.12)	–
Sale of fixed assets	24.22	13.99
Dividend income	56.92	31.30
Interest income	1,011.06	585.00
Net cash (used in) investing activities	**(7,421.87)**	**(9,782.11)**

Consolidated Cash Flow Statement *(Contd.)*

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Calls in arrears received during the year (including securities premium)	0.09	0.06
Buyback of equity shares	–	(1,355.17)
Repayment of debenture	(140.00)	(140.00)
Repayments of other borrowings	–	(800.93)
Proceeds/ (repayments) of other borrowings (net)	4,428.76	4,852.69
Compensation received pursuant to Montreal Protocol for phasing out production of Ozone Depleting Substances - Capital reserve no. 2	541.64	–
Dividend paid (including dividend distribution tax)	(1,904.11)	(1,639.49)
Minority Interest	0.18	–
Interest expense	(356.33)	(362.03)
Net cash (used in) / from financing activities	**2,570.23**	**555.13**
Net increase/ (decrease) in cash and cash equivalents	**8,766.20**	**(6,107.66)**
Cash and cash equivalents at the beginning of the year	1,772.81	7,880.47
Add: Cash and cash equivalents acquired on acquisition of Manchester Organics Ltd.	143.42	–
Cash and cash equivalents at the end of the year	10,682.42	1,772.81
Note,		
Reconciliation of cash and cash equivalents		
As per Balance sheet - note 19	10,682.34	1,772.60
Foreign exchange (gains) and losses	0.08	0.21
As per Consolidated Cash Flow Statement	**10,682.42**	**1,772.81**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 117364W

R. Salivati
Partner
Membership No. 34004

H. A. Mafatlal
Chairman

S. S. Khanolkar
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P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Mumbai, dated, 30th April, 2012

Notes forming part of Consolidated Financial Statements for the year ended 31st March 2012

Notes 01 SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of Financial Statements**

The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles.

b. **Use of estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialise or are known.

c. **Tangible fixed assets**

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortisation and impairment loss, if any.

d. **Depreciation on tangible fixed assets**

Depreciation has been provided for on all fixed assets on straight-line basis in accordance with the provisions of the Companies Act, 1956 (the Act), at the rates and in the manner specified in Schedule XIV of the Act except some identified items of office equipment which are depreciated over a period of five years. In respect of Specialty Chemicals, Cryolite, Aluminium Fluoride, Refrigerant Gases, ABF, Fluoroaniline Plants, R & D Pilot Plant and Captive Power Plant depreciation have been provided for at the rate applicable to continuous process plants.

Leasehold land is amortised over the period of lease.

e. **Intangible assets**

Intangible assets are stated at cost of acquisition less accumulated amortisation. Computer Software which are capitalised, are amortised over a period of 6 years on straight-line basis.

f. **Impairment of tangible and intangible assets**

Impairment loss is provided to the extent that the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Goodwill arising on consolidation is not ammortised, but instead, it is evaluated for impairment periodically, if the events or changes in circumstances indicate that carrying value may be impaired.

g. **Investments**

Long-Term investments are carried at cost. Provision is made to recognize a diminution, other than temporary, in the carrying amount of Long-Term investments. Current investments are carried individually, at the lower of cost and fair value.

h. **Inventories**

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:
Raw materials, traded goods, stores and spares - Weighted average
Process stocks and finished goods - At material cost plus appropriate value of overheads

i. **Retirement and other employee benefits**

i. Contributions are made towards provident fund, family pension fund and superannuation fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules.

ii. Gratuity liability, a defined benefit scheme, and provision for compensated absences is accrued and provided for on the basis of actuarial valuations made at the year end.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 01 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

j. Foreign currency transactions

i. Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization / payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

ii. Foreign Subsidiary (Non-integral operations): In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment in the Subsidiary.

k. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

l. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to its determination or realization exists. Turnover includes carbon credits which are recognized on delivery thereof or sale of rights therein as the case may be, in terms of the contracts with the respective buyers.

m. Taxes on income

Tax expense comprises of both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income-tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

n. Provisions and contingencies

A provision is recognized where there is a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when there is a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

o. Employee stock option

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants on India. Compensation expense is amortized over the vesting period of the option on a straight line basis. Compensation cost relating to employee stock options is measured using the intrinsic value method.

Notes 02

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 03 SHARE CAPITAL		
Authorised shares		
35,000,000 equity shares of Rs.10/- each	3,500.00	3,500.00
Issued, subscribed and fully paid shares		
9,752,790 (as at 31st March, 2011, 9,752,488) equity shares of Rs. 10/- each, fully paid-up	975.28	975.25
Issued, subscribed but not fully paid shares (refer note 3f)		
8,307 (as at 31st March, 2011, 8,609) equity shares of Rs. 10/- each, Rs.5/- not paid-up	0.83	0.86
less, Calls in arrears	0.42	0.43
	0.41	0.43
Total	975.69	975.68

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Particulars	Opening balance	Buyback	Closing balance
Equity shares with voting rights			
Year ended 31st March, 2012			
– Number of shares	9,761,097	–	9,761,097
– Amount (Rs. in lacs)	976.11	–	976.11
Year ended 31st March, 2011			
– Number of shares	10,099,889	338,792	9,761,097
– Amount (Rs. in lacs)	1,009.99	33.88	976.11

b. Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of dividend, per share, recognized as distributions to equity shareholders is Rs. 75/- (year ended 31st March, 2011, Rs. 15/-).

c. Details of shareholders holding more than 5% shares in the Company:

Equity shares of Rs. 10/- each fully paid	31st March 2012		31st March 2011	
Name	Nos.	% holding	Nos.	% holding
Mafatlal Impex Private Limited	1,085,193	11.12	1,085,193	11.12
Suremi Trading Private Limited	976,619	10.01	934,154	9.57
NOCIL Limited	566,340	5.80	566,340	5.80

d. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 33.

e. During the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Equity shares bought back by the Company	–	338,792	–	–	–

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 03 SHARE CAPITAL *(Contd.)*

Pursuant to the decision of the Board of Directors of the Company taken in its meeting dated 24th September, 2010, the Company bought back 338,792 equity shares of nominal value of Rs. 10/- each at a price of Rs. 400/- per share for an aggregate value of Rs. 1,355.17 lacs during the previous year under Section 77A of the Companies Act, 1956 through tender offer by utilising the Securities premium account to the extent of Rs. 1,321.29 lacs. The Capital redemption reserve was created out of General reserve for Rs. 33.88 lacs being the nominal value of shares thus bought back. All the equity shares bought back were extinguished by 5th March, 2011.

f. Calls unpaid (by other than officers and Directors)

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
8,307 (previous year 8,609) equity shares of Rs.10/- each, Rs. 5/- called up but unpaid	0.42	0.43

g. Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 04 RESERVES AND SURPLUS		
Capital reserve No. 1		
Balance of excess of assets over liabilities and reserves taken over pursuant to the scheme of demerger of Mafatlal Industries Ltd.		
As per last Balance Sheet	8,035.17	8,035.17
Capital reserve no. 2		
Compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances		
As per last Balance sheet	6,281.56	6,281.56
add, received during the year	541.64	–
	6,823.20	**6,281.56**
Capital redemption reserve		
As per last Balance Sheet	33.88	–
add, transferred from General reserve	–	33.88
	33.88	33.88
Securities premium account		
As per last Balance sheet	1,052.79	2,374.08
less, utilised for buy-back of shares	–	1,321.29
less, amount in arrears (net of receipts during the year, Rs. 0.08 lacs; as at 31st March, 2011, Rs. 0.05 lacs)	2.07	2.15
	1,050.72	1,050.64
Contingency reserve		
Reserve created in terms of a corporate guarantee given		
As per last Balance sheet	1,000.00	1,000.00
	1,000.00	1,000.00
Debenture redemption reserve		
As per last Balance sheet	35.00	229.50
less, transferred to General reserve	35.00	194.50
	–	35.00
General reserve		
As per last Balance sheet	2,545.34	1,668.22
add, transferred from surplus in Statement of Profit and Loss	2,320.00	716.50
add, transferred from Debenture redemption reserve	35.00	194.50
less, transferred to Capital redemption reserve	–	33.88
	4,900.34	2,545.34
Foreign Currency Translation Reserve		
Amount transferred on account of resulting exchange difference on conversion of a non-integral foreign subsidiary	135.62	–
Surplus in Statement of Profit and Loss		
As per last Balance sheet	13,884.75	9,193.65
add, profit for the year	21,758.79	7,134.49
	35,643.55	16,328.14
less, appropriations		
Interim dividend (Rs. 8.50/- per share, previous year, Rs. 6.50/- per share)	829.69	656.49
Proposed final dividend (Rs. 6.50/- per share, previous year, Rs. 8.50/- per share)	634.47	829.69
Proposed special dividend (Rs. 60/- per share, previous year, *nil*)	5,856.66	–
Corporate tax on dividend	1,187.63	240.71
Transferred to General reserve	2,320.00	716.50
Total appropriations	**10,828.45**	**2,443.39**
	24,815.10	**13,884.75**
Total	**46,794.02**	**32,866.34**

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 05 LONG-TERM BORROWINGS		
Term loans		
– From bank (secured)	106.27	–
	106.27	–

	As at 31st March, 2012	As at 31st March, 2011
Notes 06 DEFERRED TAX LIABILITIES (NET)		
Difference between book and tax written down values of fixed assets	3,015.36	2,737.00
Gross deferred tax liability	**3,015.36**	**2,737.00**
Deferred tax asset		
Adjustments to the carrying amount of investment	–	648.90
Provision for doubtful debts / advances	130.37	141.72
Others	21.07	32.41
Gross deferred tax asset	**151.44**	**823.03**
Net deferred tax liability	**2,863.92**	**1,913.97**

	As at 31st March, 2012	As at 31st March, 2011
Notes 07 OTHER LONG-TERM LIABILITIES		
Trade payables	–	757.94
Others		
Advance against project contracts	303.24	303.24
Security deposits received	349.16	345.01
Others		
– Iraq gas project	1,031.70	1,031.70
– Land development	329.95	329.95
	2,014.05	**2,767.84**

	As at 31st March, 2012	As at 31st March, 2011
Notes 08 LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	283.51	224.25
Total	**283.51**	**224.25**

	As at 31st March, 2012	As at 31st March, 2011
Notes 09 SHORT-TERM BORROWINGS		
Secured		
Cash credit from banks	1,242.53	865.94
Buyers' credit from banks	8,091.86	4,041.46
Others	19.40	–
Total	**9,353.79**	**4,907.40**

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 10 TRADE PAYABLES		
Trade payables	4,644.89	5,530.03
	4,644.89	5,530.03

	As at 31st March, 2012	As at 31st March, 2011
Notes 11 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (secured)		
Debentures		
Nil (as at 31st March, 2011, 140,000) Zero Coupon Secured		
Redeemable at par Non-Convertible Debentures of Rs. 100/- each	–	140.00
Unpaid dividend	96.98	72.51
Unpaid money on buy-back of shares	4.47	4.47
Other payables		
Statutory dues payable	174.98	158.91
Trade / security deposits	515.47	457.69
Advance from customers	177.32	161.68
Provision for gratuity (refer note 32)	49.10	113.47
Other liabilities	30.26	191.72
Total	1,048.58	1,300.45

	As at 31st March, 2012	As at 31st March, 2011
Notes 12 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	145.43	69.33
	145.43	69.33
Provisions-Other		
Provision for tax (net of advance tax Rs. 1,170.78 lacs, as at 31st March, 2011, Rs. 4,791.14 lacs)	11.73	515.74
Provision for proposed equity dividend	6,491.13	829.69
Provision for tax on proposed dividend	1,053.03	134.60
	7,555.89	1,480.03
Total	7,701.32	1,549.36

(Rupees in lacs)

Notes 13 FIXED ASSETS

Tangible assets	Gross block					Depreciation/amortisation					Impairment		Net Block	
	As at 1st April, 2011	Additions on acquisition	Additions/ adjustments	Deductions/ adjustments	As at 31st March, 2012	As at 1st April, 2011	Additions on acquisition	For the year	Deductions/ adjustments	Upto 31st March, 2012	As at 1st April 2011	Adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
Owned Assets														
Freehold land	10.56	148.65	–	–	159.21	–	63.77	5.10	–	68.87	–	–	90.34	10.56
Leasehold land	1.00	–	2,594.99	–	2,595.99	–	–	1.65	–	1.65	–	–	2,594.34	1.00
Buildings	3,406.79	–	1,092.84	–	4,499.63	492.39	–	81.37	–	573.76	–	–	3,925.87	2,914.40
Plant and machinery	22,591.96	797.43	4,420.89	474.46	27,335.82	7,586.41	195.98	1,586.94	237.92	9,131.41	–	–	18,204.41	15,005.55
Furniture and fixtures	313.22	31.65	44.74	38.94	350.67	89.66	21.35	20.96	37.85	94.12	–	–	256.55	223.56
Vehicles	365.91	4.07	28.24	85.35	312.87	107.34	3.48	30.88	45.14	96.56	–	–	216.31	258.57
Office equipment	503.47	16.26	159.94	101.80	577.87	217.35	5.55	55.18	81.49	196.59	–	–	381.28	286.12
Total	27,192.91	998.06	8,341.64	700.55	35,832.06	8,493.15	290.13	1,782.08	402.40	10,162.96	–	–	25,669.10	18,699.76
As at and for the year ended														
31st March, 2011														
Assets in active use	23,667.00		4,408.67	882.76	27,192.91	7,468.31	–	1,300.00	275.16	8,493.15	19.02	(19.02)	18,699.76	
Assets retired form active use	2,027.46		1.17	2,028.63	–	1,114.90	–	–	1,114.90	–	450.71	(450.71)	–	
	25,694.46		4,409.84	2,911.39	27,192.91	8,583.21	–	1,300.00	1,390.06	8,493.15	469.73	(469.73)	18,699.76	

Intangible assets	Gross block					Depreciation/amortisation					Impairment		Net Block	
	As at 1st April, 2011	Additions on acquisition	Additions/ adjustments	Deductions/ adjustments	As at 31st March, 2012	As at 1st April, 2011	Additions on acquisition	For the year	Deductions/ adjustments	Upto 31st March, 2012	As at 1st April 2011	Adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
Computer software	117.46		31.31		148.77	27.48		22.16		49.64	–	–	99.13	89.98
Total	**117.46**		**31.31**	**–**	**148.77**	**27.48**		**22.16**	**–**	**49.64**	**–**	**–**	**99.13**	**89.98**
As at and for the year ended														
31st March, 2011	97.53		19.93	–	117.46	9.18		18.30	–	27.48	–		89.98	–
Capital work-in-progress													523.04	3,223.69

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 14 NON-CURRENT INVESTMENTS

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
(a) **Investment property (at cost less accumulated depreciation, given on operating lease)**		
Cost of premises	4,759.32	2.58
add, purchased during the year	–	4,756.74
less, accumulated depreciation	144.88	67.33
Net	**4,614.44**	**4,691.99**
(b) **Non-trade investments (valued at cost unless stated otherwise)**		
Investment in equity instruments	1,381.53	21.77
Investment in preference shares	3,000.00	6,000.00
less, adjustment to the carrying amount of investment	–	5,940.00
	3,000.00	**60.00**
Investment in bonds	1.50	1.50
Investment in mutual funds	5,000.00	–
	9383.04	83.27
Total	**13,997.47**	**4,775.26**
Aggregate amount of quoted investments	1,137.84	–
Aggregate market value of listed and quoted investments	1,140.53	–
Aggregate amount of unquoted investments	12,859.63	4,775.26

Notes 15 LONG-TERM LOANS AND ADVANCES

Capital advances		
Unsecured, considered good	**73.47**	**256.68**
Security deposits		
Unsecured, considered good	470.33	439.24
Loans and advances to related parties (refer note 48)		
Secured considered good	–	5,908.54
Unsecured, considered good	42.54	51.91
	42.54	**5,960.45**
Loans and advances to employees (unsecured, considered good)	31.90	45.40
Prepaid expenses (unsecured, considered good)	1.32	–
Advance income-tax (net of provision Rs. 19,615.20 lacs, as at 31st March, 2011, Rs. 8,125.20 lacs) (unsecured, considered good)	1,212.92	797.88
Advance fringe benefit tax (net of provision Rs. 101.50 lacs, as at 31st March, 2011, Rs. 101.50 lacs)	12.25	12.25
Other loans and advances (unsecured, considered good)		
Iraq gas project	162.70	162.70
Land development	227.26	227.26
Others	–	33.53
	1,636.10	**1,266.77**
Total	**2,222.44**	**7,923.14**

Notes 16 CURRENT INVESTMENTS (Valued at lower of cost or fair value)

Unquoted		
Investment in mutual funds	1,900.00	–
Total	**1,900.00**	–

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 17 **INVENTORIES** (valued at lower of cost and net realizable value)		
Raw materials	4,907.05	2,789.55
Work-in-progress	385.17	–
Finished goods	2,267.66	1,651.75
Traded goods	492.31	0.81
Stores and spares	810.83	1,068.09
Total	**8,863.01**	**5,510.20**
Details of work-in-progress		
Fluoro chemicals	385.17	–

	As at 31st March, 2012	As at 31st March, 2011
Notes 18 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	25.92	10.77
Doubtful	11.11	12.16
	37.03	22.93
less, provision for doubtful receivables	11.11	12.16
	25.92	**10.77**
Other receivables		
Unsecured, considered good	6,621.05	5,768.73
Doubtful	7.89	8.21
	6,628.94	5,776.94
less, provision for doubtful receivables	7.89	8.21
	6,621.05	5,768.73
Total	**6,646.97**	**5,779.50**

	As at 31st March, 2012	As at 31st March, 2011
Notes 19 CASH AND CASH EQUIVALENTS		
Cash and Cash equivalents		
Cash on hand	7.34	6.43
Cheques on hand	14.03	1.17
Balances with banks		
in current accounts	1,225.46	407.63
in deposits accounts	9,300.00	1,246.33
	10,546.83	**1,661.56**
in earmarked accounts		
– unpaid dividend account	96.98	72.51
– buy-back account	38.47	38.47
– post office savings bank account (security deposit)	0.06	0.06
	135.51	**111.04**
Total	**10,682.34**	**1,772.60**

Balances with banks include deposits amounting to Rs. 8,925 lacs (as at 31st March, 2011, Rs. 946 lacs) which have an original maturities of more than 12 months.

Certain current accounts with banks, which have been transferred from MIL pursuant to its scheme of demerger, are in the process of being transferred in the Company's name.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Notes 20 SHORT-TERM LOANS AND ADVANCES		
Loan and advances to related parties (refer note 48)		
Unsecured, considered good	7.35	6.85
	7.35	6.85
Security deposits		
Unsecured, considered good	80.88	162.37
Doubtful	–	25.10
	80.88	187.47
less, provision for doubtful deposits	–	25.10
	80.88	162.37
Loans to employees (unsecured, considered good)	18.28	26.65
Prepaid expenses (unsecured, considered good)	24.38	13.71
Balances with statutory / government authorities (unsecured, considered good)		
CENVAT credit receivable	279.66	314.25
Service tax credit receivable	163.14	144.83
Inter- corporate deposits (including interest accrued) (unsecured, considered good)	–	522.68
	485.46	1,022.12
Other loans and advances (unsecured, including advance to suppliers)		
Unsecured, considered good	539.90	1,422.40
Doubtful	2.43	10.96
	542.33	1,433.36
less, Provision for doubtful advances	2.43	10.96
	539.90	1,422.40
Total	1,113.59	2,613.74

Notes 21 OTHER CURRENT ASSETS		
Interest accrued on fixed deposits with banks	484.04	49.71
Rent receivable	17.44	106.80
Others	97.96	–
Total	599.44	156.51

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 22 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished goods	74,315.55	44,638.14
Traded goods	531.03	347.69
	74,846.58	**44,985.83**
Other operating revenue		
Scrap sales	273.74	105.23
Revenue from operations (gross)	75,120.32	45,091.06
less, Excise Duty *	2,653.71	2,017.02
Revenue from operations (net)	**72,466.61**	**43,074.04**

* Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under ‘expenditure’ (note 29) represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stocks of finished goods.

Notes 23 OTHER INCOME		
Interest income (Refer note 1, below)	876.62	619.40
Dividend income:		
Current investments	3.46	–
Other investments	53.46	31.30
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investments	5,939.99	–
Net gain on foreign currency transaction and translation	–	95.15
Other non-operating income (Refer note 2, below)	701.56	317.89
Total	**7,575.09**	**1,063.74**
Notes,		
1. Interest income comprises:		
Interest from banks on deposits	640.75	148.17
Interest on loans & advances	3.78	4.87
Other interest	232.09	466.36
	876.62	**619.40**
2. Other non-operating income:		
Rental income from investment property	548.29	286.32
Provision for doubtful debts/ advances written back / credit balances written back	123.44	15.20
Excess provision of earlier years written back (net)	3.83	0.72
Insurance claims	9.59	7.71
Miscellaneous income	16.41	7.94
	701.56	**317.89**

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Inventories at the end of the year		
Finished goods	2,267.66	1,651.75
Work-in-process	425.03	–
Stock-in-trade	465.23	0.81
	3,157.92	**1,652.56**
Inventories at the beginning of the year		
Finished goods	1,651.75	1,397.47
Work-in-process	33.27	53.20
Stock-in-trade	–	8.63
	1,984.07	**1,459.30**
Net increase	**1,173.85**	**193.26**

Notes 25 COST OF RAW MATERIALS CONSUMED

Inventories at the beginning of the year	2,789.55	2,632.74
add, purchases	28,262.63	17,189.65
	31,052.18	19,822.39
less, Inventories at the end of the year	4,907.05	2,789.55
Cost of raw materials consumed	**26,145.13**	**17,032.84**
Purchases of stock-in-trade	557.09	321.82
	557.09	**321.82**

Notes 26 EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	4,358.40	2,481.64
Contribution to provident and other funds	345.84	340.50
Staff welfare expenses	194.66	156.77
Total	**4,898.89**	**2,978.91**

Notes 27 FINANCE COSTS

Interest on borrowings	337.75	328.81
Interest on others	18.58	30.77
Total	**356.33**	**359.58**

Notes 28 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortisation for the year on tangible assets	1,782.08	1,300.00
Amortization of intangible assets	22.16	18.30
Depreciation of investment property	77.55	65.24
Total	**1,881.79**	**1,383.54**

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Notes 29 OTHER EXPENSES		
Consumption of stores and spares	1,532.46	1,278.56
Consumption of packing materials	1,125.37	1,018.84
Excise duty	80.11	47.15
Power and fuel	3,389.30	2,775.86
Rent	351.50	210.83
Repairs to buildings	210.47	35.75
Repairs to machinery	331.01	287.56
Property maintenance expenses	18.21	16.21
Insurance	140.36	64.99
Rates and taxes	309.42	214.50
Commission and discounts	421.50	326.77
Transport and freight charges (net)	1,515.27	1,837.27
Loss on sale/ write off of fixed assets (net)	802.19	799.59
Provision for doubtful debts/ advances	–	3.28
Bad debts/ advances written off	34.36	19.62
Share of loss in the partnership firm where the Company is a partner	0.13	0.09
Net loss on foreign currency transactions and translations	751.64	–
Donations	531.50	15.00
Legal and professional fees *	2,816.22	1,088.89
Miscellaneous expenses	2,623.93	1,642.17
Total	16,984.95	11,682.93

* includes current market value of carbon credits given to overseas marketing and other service providers.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 30

a. The consolidated financial statements of Navin Fluorine International Limited (the parent company - NFIL) and its subsidiaries and an associate have been prepared in accordance with Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India. The details of such enterprises are as under:

	% holding of NFIL	Date of financial Statements
Sulakshana Securities Limited - SSL		
(a company incorporated in India)	100.00	31st March, 2012
Manchester Organics Limited - MOL		
(a company incorporated in United Kingdom)	51.00	31st March, 2012
Urvija Associates		
(a partnership firm in India)	80.00	31st March, 2012
Associate – a company incorporated in India		
Mafatlal Denim Limited – MDL	43.29	31st March, 2012

Note,

There has been no change in the percentage holding of NFIL in SSL, Urvija Associates and MDL. MOL became a subsidiary on 4th May, 2011.

b. In respect of MDL:

(Rupees in lacs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Carrying value	2,514.12	2,514.12
Less: Capital Reserve	(961.39)	(961.39)
Post acquisition share in reserves and surplus as at the date of the financial statements	(1,330.81)	(1,552.73)
Carrying amount of investment as at the year end	221.92	–

Notes 31 Earnings per share (EPS):

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

	Current year	Previous year
Profit attributable to equity shareholders – Rupees in lacs	21,758.79	7,134.49
Weighted average number of equity shares outstanding during the year	97,61,097	10,075,756
Basic earnings per share – Rupees	222.91	70.81
Diluted earnings per share – Rupees	222.91	70.81
Nominal value per share – Rupees	10.00	10.00

Note,

Stock options granted to certain executives not being dilutive have not been considered for the purpose of computing diluted earnings per share.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 32 EMPLOYEE BENEFITS:

Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.288.15 lacs (previous year, Rs. 227.01 lacs).

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The charge on account of provision for gratuity and compensated absences has been included in 'Contribution to provident fund and other funds' and 'Salaries, wages and bonus' respectively.

In respect of gratuity (funded) :

(Rupees in lacs)

	Current year	Previous year
Reconciliation of liability recognized in the Balance sheet		
Present value of commitments	(940.44)	(886.27)
Fair value of plan assets	891.34	772.80
Net liability in the Balance sheet	(49.10)	(113.47)
Movement in net liability recognized in the Balance sheet		
Net liability as at beginning of the year	(113.47)	(36.98)
Net expense recognized in the Statement of Profit and Loss	(49.10)	(113.47)
Contribution during the year	113.47	36.98
Net liability as at end of the year	(49.10)	(113.47)
Expense recognized in the Statement of Profit and Loss		
Current service cost	37.48	33.95
Interest cost	73.12	59.50
Expected return on plan assets	(61.82)	(56.54)
Actuarial (gains)/ losses	0.32	76.56
Expense charged to the Statement of Profit and Loss	49.10	113.47
Return on plan assets		
Expected return on plan assets	61.82	56.54
Actuarial gains/ (losses)	3.10	0.45
Actual return on plan assets	64.92	56.99
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the year	886.27	743.76
Current service cost	37.48	33.95
Interest cost	73.12	59.50
Paid benefits	(59.85)	(27.95)
Actuarial (gains)/ losses	3.42	77.01
Commitments as at end of the year	940.44	886.27

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 32 EMPLOYEE BENEFITS *(Contd.)*

(Rupees in lacs)

	Current year	Previous year
Reconciliation of plan assets		
Plan assets as at beginning of the year	772.79	706.77
Expected return on plan assets	61.82	56.54
Contributions during the year	113.47	36.98
Paid benefits	(59.85)	(27.95)
Actuarial gains/ (losses)	3.10	0.45
Plan assets as at end of the year	891.33	772.79

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	Current year	Previous year
Discount rate	8.50%	8.25%
Expected return on plan assets	8.60%	8.00%
Expected rate of salary increase	5.50%	5.50%
Mortality	LIC (1994-96) Ultimate	

Experience adjustment:	2011-12	2010-11	2009-10
On plan liability (gain)/ loss	52.91	91.70	43.15
On plan assets gain/ (loss)	3.10	0.45	(10.34)

	Current year	Previous year
The fair value of the plan assets is distributed in the following manner:	%	%
Deposits with a nationalized bank	22.18	55.01
Various debt instruments	77.82	44.99

Notes 33 EMPLOYEE STOCK OPTION SCHEME

a. The Company's Employee Stock Option Scheme has been approved by the Board of Directors of the Company on 1st May 2007.

b. The vesting period is over four years from the date of grant, commencing after one year from the date of grant.

c. Exercise Period would commence one year from date of grant and will expire on completion of ten years from the date of vesting.

d. The options will be settled in equity shares of the Company.

e. The Company used the intrinsic value method to account for ESOPs.

f. The exercise price has been determined to be the market price on the days preceding the dates of grants.

g. Consequently, no compensation cost has been recognized by the Company in accordance with the "Guidance Note on Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 33 EMPLOYEE STOCK OPTION SCHEME *(Contd.)*

h. **Details of movement of options:**

Particulars	As at 31st March, 2012 Nos.	As at 31st March, 2011 Nos.
Options outstanding at the beginning of the year	36,300	36,300
Options granted during the year	NIL	NIL
Options vested during the year	8,075	9,075
Options exercised during the year	NIL	NIL
Options forfeited during the year	NIL	NIL
Options lapsed/ surrendered during the year	4,000	NIL
Options outstanding at the end of the year	32,300	36,300

i. Had fair value method been used, the compensation cost would have been higher by Rs. 6.73 lacs (previous year Rs 17.33 lacs), Profit after tax would have been lower by Rs. 4.98 lacs (previous year Rs. 11.39 lacs) and EPS – both basic and diluted - would have been Rs. 222.86 per share (previous year Rs. 70.70 per share).

j. Weighted Average exercise price of the above options is Rs. 381/- per share.

Notes 34 LEASES:

(a) The Company has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancelable in nature and range between 11 months to 48 months. These leave and license agreements are generally renewable or cancelable at the option of the Company or the lessor. The lease payment recognised in the profit and loss account is Rs. 351.50 lacs (previous year Rs. 210.83 lacs).

(b) The Company has taken office premise under lease rental agreement. Details of minimum lease payments for non-cancellable lease are as under:

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than one year	145.11	142.80
Later than one year and not later than five years	320.75	476.70
Later than five years	–	–
Total	465.86	619.50

(c) The Company has given office premises under lease rental agreement. Details of rent income are as under:

(Rupees in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than one year	275.23	266.93
Later than one year and not later than five years	868.09	992.07
Later than five years	337.42	–
Total	1,480.74	1,259.00
Operating lease rentals credited to the Statement of Profit and Loss	548.29	286.32

(d) Other details of premises which have been given on operating lease for a period of upto sixty months are as under:

Particulars	As at 31st March, 2012	As at 31st March, 2011
Gross block as at the year end	4759.32	5106.80
Accumulated depreciation as at the year end	144.88	110.51
Depreciation charged during the year	77.55	70.90

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 35 SEGMENT INFORMATION

Primary

The Company is engaged in the 'chemicals business' and it is the primary segment.

Secondary

The Company has two geographical segments based upon location of its customers - within and outside India:

(Rupees in lacs)

Particulars	As at and for the year ended 31st March, 2012			As at and for the year ended 31st March, 2011		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	30,912.34	43,934.24	74,846.58	23,718.14	21,267.69	44,985.83
Segment assets	42,645.04	5,974.44	48,619.48	42,578.04	2,111.59	44,689.63
Cost incurred on acquisition of fixed assets	6,196.84	3.72	6,200.56	5,266.05	–	5,266.05

Notes 36

The parent company, in terms of the BIFR sanctioned Scheme of Mafatlal Industries Ltd. (MIL), made substantial investments in MIL and it had also extended certain financial assistance to facilitate expeditious rehabilitation. Barring a residual investment of Rs 3,000.00 lacs in preference shares (due for redemption 2013 - 2016), the values of all other investments including financial assistance have since been redeemed by MIL. The residual value of preference shares is also expected to be redeemed shortly, much ahead of the due dates. In specific terms:

(i) The parent company, pursuant to the BIFR scheme of MIL, made investment of Rs.6,000.00 lacs in the preference shares of MIL and simultaneously made a provision of Rs. 5,940.00 lacs towards diminution in the value of these investments as MIL was a sick company. This provision of Rs.5,940.00 lacs has now been written back as a consequence of MIL deregistering itself from BIFR and its net worth turning substantially positive. The parent company has also received Rs. 3,000.00 lacs from MIL during the year towards the redemption proceeds of 50% of its investment in preference shares much before the redemption date.

(ii) The parent company, has during the year, received amounts aggregating to Rs. 6,187.32 lacs including interest towards the repayment of monies advanced to MIL and a group company for take over of loan liabilities of MIL.

(iii) The parent company, advanced monies to its wholly owned subsidiary Sulakshana Securities Limited (SSL), which at the year end, stands at Rs. 2,806.57 lacs (previous year Rs. 2,799.07 lacs). However, the market value of the assets remaining in the group company, after repayment of all the liabilities taken over from MIL, in connection with which the guarantee was given, far exceeds the value owed by the group company.

(iv) The parent company, has given a corporate guarantee and created a contingency reserve of Rs. 1,000.00 lacs at the behest of a lender to MIL. However, the parent company expects to write back this contingency reserve after the expiry of the guarantee period as the relevant asset value in connection with which the guarantee was given, far exceeds the value guaranteed.

Notes 37

(a) As mentioned in Note 36 above, BIFR had declared MIL a sick industrial undertaking and sanctioned a scheme of rehabilitation (SS). In the SS, SSL was identified as a 'special purpose vehicle' into which the Real Estate and Investment Business of MIL was demerged for settlement of MIL's secured term lenders at the values determined in the SS. Against this demerger, the shareholders of MIL were to be issued one equity share of Rs. 10/- each fully paid-up in the Company for every 500 shares of Rs. 100/- each fully paid-up held in MIL as consideration for the demerger, aggregating to Rs. 1.00 lac. Accordingly, assets valued as per SS of Rs. 14,905.59 lacs along with settled values of secured term liabilities of the like amount had been transferred to the Company on the Appointed Date (1st April, 2002) and effect given in the accounts in the relevant year.

(b) In respect of other settled values of secured term liabilities of MIL transferred to the Company settlement had been reached in the previous years.

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 37 *(Contd.)*

For paying off settlement amounts, monies have been borrowed from the parent company. In terms of the SS, the parent company has residuary rights on the assets of SSL as available to a guarantor under section 140 and 141 of Indian Contract Act, for all payments made by it towards such repayment of dues.

Notes 38

As mentioned in note 37 above, SSL has been identified as a 'special purpose vehicle' in the process of implementation of the SS of MIL. Therefore, though the accumulated losses have exceeded its shareholders' funds as at 31st March, 2012, the accounts of the Company have been prepared on going concern basis. Further the market value of the immovable property is much higher than the cost.

Notes 39

MIL was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers have asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the SS of MIL, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

Notes 40 CAPITAL AND OTHER COMMITMENTS

(Rupees in lacs)

		As at 31st March, 2012	As at 31st March, 2011
i.	Capital commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	458.27	767.80
ii.	Other commitments:		
	Estimated amount of obligation on account of non-fulfillment of export commitments under various advance licences	201.44	163.58

Notes 41 CONTINGENT LIABILITIES

		As at 31st March, 2012	As at 31st March, 2011
In respect of:			
a.	***Excise matters disputed in appeal***		
	These relate to MODVAT on capital purchases (pending before the Assistant Commissioner) and permit fee on purchase of alcohol (pending before the High Court)	158.20	158.42
b.	***Claims against the Company not acknowledged as debts***		
	Labour matters involving issues like regularization of employment, termination of employment, compensation against severance, etc.	22.65	22.34
c.	***Sales-tax matters disputed in appeal***		
	These relate to classification of goods and consequent dispute on the rates of sales-tax (pending at various stages from Assistant Commissioner to High Court)	201.96	209.42
d.	***Income tax matters disputed in appeal***	716.88	714.23
In all the above matters, the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.			

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 42 DERIVATIVE INSTRUMENTS

a. The Group enters into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to such forward contracts is a bank. These contracts are entered into to hedge the foreign currency risks on firm commitments. Details of forward contracts outstanding as at the year end:

Currency	As at the year ended		
	Exposure to buy / sell	Rupees in lacs	Foreign currency in lacs
US Dollars	Sell	737.22 (–)	14.73 (–)

Note: Figures in brackets are for the previous year.

b. Net exchange difference in respect of forward contracts to be credited - debited in subsequent accounting year amounts to debit Rs. 25.46 lacs (as at 31st March, 2011, Rs. nil).

c. Foreign currency exposure at the year end not hedged by derivative instruments

(Rupees in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Receivables against export of goods and services		
Rupees	1639.08	1,960.68
US Dollars	29.12	44.08
Euros	2.28	–
Pound	0.04	–
Advance received from customers		
Rupees	25.82	11.80
US Dollars	0.51	0.26
Payables against import of goods and services		
Rupees	9000.79	5,765.01
US Dollars	176.91	128.34
Advance payment to suppliers		
Rupees	50.46	197.53
US Dollars	0.94	1.92
Euros	–	1.21
Yens	–	50.50
Pound	–	0.13

Notes 43

Research and development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amount to Rs. 587.46 lacs (previous year, Rs. 434.75 lacs).

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 44

Before transfer of assets to SSL by MIL (refer note 37 above) pursuant to its SS, MIL had issued notices to its erstwhile tenants in its building at Nariman Point, Mumbai for revision in rent/ recovery of expenses. Pending resolution of legal cases, aggregate rent, of Rs. 66.42 lacs for the period when they were tenants (previous year Rs 66.42 lacs) and recovery of expenses, of Rs. 42.40 lacs (Previous year Rs. 42.40 lacs), have not been accounted, on legal advice.

Notes 45

SSL's current account with the Bank of Baroda had been attached by the Income-tax authorities in the earlier years against their demands and an amount of Rs. 7.29 lacs has been withdrawn by them towards such demands.

Notes 46

SSL has applied for the change of name to Registrar of Companies from Sulakshana Securities Pvt Ltd to Sulakshana Securities Ltd.

Notes 47 PAYMENT TO AUDITORS:

(Rupees in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Audit fees	22.99	11.30
Payment of other services	21.85	24.80
Expenses and incidentals	0.08	–
Total	44.92	36.10

Notes 48 RELATED PARTY TRANSACTIONS

Key management personnel

Shri Hrishikesh A. Mafatlal (in the capacity of an individual/ trustee)

Shri Vishad P. Mafatlal (in the capacity of an individual/ karta)

Shri Atul K. Srivastava

Shri Satish D. Kakade (upto 31.12.2010)

Shri Shekhar S. Khanolkar

Associate

Mafatlal Denim Limited

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Mafatlal Industries Limited

Mafatlal Fabrics Private Limited

NOCIL Limited

Sunanda Industrial Machinery Limited

Seth Navinchandra Mafatlal Foundation Trust

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 48 RELATED PARTY TRANSACTIONS *(Contd.)*

Details of transactions with related parties during the year/ previous year

(Rupees in lacs)

Nature of transactions	1	2	3	Total
Sale of finished goods				
NOCIL Limited	3.42 *7.26*			3.42 *7.26*
Property Maintenance Expenses				
Mafatlal Industries Limited	18.21 *16.20*			18.21 *16.20*
Rental income				
NOCIL Limited	31.77 *31.77*			31.77 *31.77*
Interest income				
Sunanda Industrial Machinery Limited	111.57 *202.60*			111.57 *202.60*
Mafatlal Industries Limited	109.22 *261.41*			109.22 *261.41*
Purchase of cloth for uniform				
Mafatlal Fabrics Private Limited	8.01 *1.93*			8.01 *1.93*
Managerial remuneration				
Shri Hrishikesh A. Mafatlal			417.41 *202.74*	417.41 *202.74*
Shri Vishad P.Mafatlal			10.00 *5.00*	10.00 *5.00*
Shri Atul K. Srivastava			137.08 *117.71*	137.08 *117.71*
Shri Satish D. Kakade			– *88.27*	– *88.27*
Shri Shekhar S. Khanolkar			140.20 *90.30*	140.20 *90.30*
Sitting fees				
Shri Vishad P. Mafatlal			1.60 *0.80*	1.60 *0.80*
Investment in equity shares				
NOCIL Limited	1,137.84 –			1,137.84 –
Redemption of preference shares				
Mafatlal Industries Limited	3,000.00 –			3,000.00 –
Advances given to				
Mafatlal Industries Limited	15.58 *103.89*			15.58 *103.89*
Repayment of advance from				
Mafatlal Industries Limited	3,480.93 –			3,480.93 –
Sunanda Industrial Machinery Limited	2,706.39 *20.25*			2,706.39 *20.25*
Donation				
Seth Navinchandra Mafatlal Foundation Trust	500.00 –			500.00 –

Notes forming part of Consolidated Financial Statements *(Contd.)* for the year ended 31st March 2012

Notes 48 RELATED PARTY TRANSACTIONS *(Contd.)*

Details of transactions with related parties during the year/ previous year

(Rupees in lacs)

Nature of transactions	1	2	3	Total
Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of non-current investment				
Mafatlal Denim Limited		1,552.73 –		1,552.73 –
Mafatlal Industries Limited	5,940.00 –			5,940.00 –
As at the year end				
Amounts due to				
Mafatlal Fabrics Private Limited	– *1.93*			– *1.93*
NOCIL Limited	1.50 *0.65*			1.50 *0.65*
Shri Hrishikesh A. Mafatlal			378.00 *166.90*	378.00 *166.90*
Shri Vishad P.Mafatlal			10.00 *5.00*	10.00 *5.00*
Shri Shekhar S. Khanolkar			43.00 *7.50*	43.00 *7.50*
Shri Satish D. Kakade			– *20.00*	– *20.00*
Shri Atul K. Srivastava			36.00 *30.00*	36.00 *30.00*
Amounts due from				
Mafatlal Industries Limited	54.85 *3,410.98*			54.85 *3,410.98*
Mafatlal Denim Limited		0.04 *0.83*		0.04 *0.83*
Sunanda Industrial Machinery Limited	– *2,594.82*			– *2,594.82*

1. Enterprises over which key management personnel and their relatives are able to exercise significant influence
2. Associate
3. Key management personnel

Notes

Figures in italics are those as at and for the year ended 31st March, 2011

Notes 49

Particulars regarding subsidiary companies in accordance with General Circular No. 2/ 2011 dated 8th February 2011, from the Ministry of Corporate Affairs

Sr. No.	Name of the Subsidiary Company	Sulakshana Securities Limited (Wholly owned subsidiary)	Manchester Organics Limited (Subsidiary)
	Country	India	United Kingdom
	Reporting Currency	INR	GBP
	Exchange rate as on 31.03.2012		1 GBP = INR 81.4575
	Extent of the Holding Company's interest in Subsidiary :		
	No of Shares	150,000	10,000
	% of Capital	100%	51%
		(Rupees in lacs)	(Rupees in lacs)
1.	Capital	15.00	0.07
2.	Reserves	Nil	1,413.29
	Debit Balance of Profit & Loss A/c	1,249.82	–
3.	Total Assets (Fixed Assets + Investments + Current Assets)	1,576.44	1,746.85
4.	Total Liabilities (Debts + Current Liabilities)	2,811.26	333.49
5.	Details of Investments	0.00	0.00
6.	Turnover/ Income	27.21	2,220.07
7.	Profit before Tax	(22.41)	23.03
8.	Provision for Tax	2.70	40.39
9.	Profit after Tax	(25.11)	(17.36)
10.	Proposed Dividend	Nil	Nil

H. A. Mafatlal
Chairman

S. S. Khanolkar
Managing Director

N. B. Mankad
Company Secretary

V. P. Mafatlal
S. S. Lalbhai
A. K. Srivastava
P. N. Kapadia
R. Sankaran
S. G. Mankad
S. M. Kulkarni
Directors

Mumbai, dated, 30th April, 2012

NAVIN FLUORINE INTERNATIONAL LIMITED

Registered Office: 2nd Floor, Sunteck Centre, 37/40 Subhash Road, Vile Parle (East), Mumbai 400057

(Folio Nos. DP ID*, Client ID* & Name of the Shareholder /
Joint holders in BLOCK LETTERS to be furnished below)

FORM OF PROXY

DP ID*	Client ID*	Folio	No. of Shares held

I/We ____ of ______________________________

being a member / members of NAVIN FLUORINE INTERNATIONAL LIMITED hereby appoint ______________________________ of

______________________ or failing him ______________________ of ______________________ as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Monday the 18th June 2012 at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020 and at any adjournment thereof.

As witness my/our hand(s) this ________________ day of ______________________ 2012.

Please
Affix 15 paise
Revenue
Stamp

Signature by the said ______________________________

Note: The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for investors holding shares in Electronic (Demat) Form.

NAVIN FLUORINE INTERNATIONAL LIMITED

Registered Office: 2nd Floor, Sunteck Centre, 37/40 Subhash Road, Vile Parle (East), Mumbai 400057

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional attendance slips on request. (Folio Nos., DP ID*, Client ID* & Name of the Shareholder / Joint holders / Proxy in BLOCK LETTERS to be furnished below).

Shareholder	DP ID*	Client ID*	Folio	No. of Shares held
Proxy				

I hereby record my presence at the Fourteenth Annual General Meeting of the Company to be held on Monday the 18th June 2012 at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020.

Signature of the
Shareholder or Proxy ____________________

Notes:

1) Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.

2) Shareholders are requested to advise, indicating their Folio Nos. DP ID*, Client ID*, the change in their address, if any, to the Registrar & Share Transfer Agents, at Sharepro Services (India) Pvt. Ltd., Samhita Warehousing Complex, 2nd floor, Gala No.52-56, Building No.13A-B, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai 400 072.

* Applicable for investors holding shares in Electronic (Demat) Form


Navin Research & Innovation Centre at Surat


Multi Product plant at Surat


Contract Research Operations facility at Surat


cGMP pilot plant at Dewas


cGMP pilot plant at Dewas


Scientists working at Manchester Organics Limited.


First vendor meet conducted at NFIL


Peacocks- a common sight at Surat facility

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Navin Fluorine International Limited