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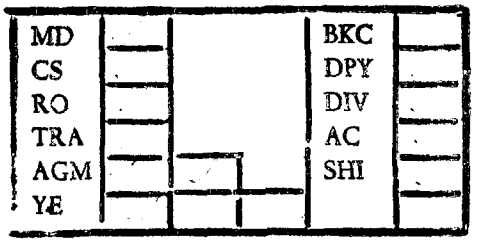

ANNUAL REPORT AND ACCOUNTS
1996-97

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Annual Report 1996-97

(Registered — 16th March, 1954)

DIRECTORS

NUSLI N. WADIA	*Chairman*
H.C. BIJAWAT	*Vice-Chairman*
B. L. PARANJAPE	
R.K. PITAMBER	
K.N. SUNTOOK	
H.K. MEHTA	*Wholetime Director*
Y.J. MOGRELIA	*Nominee Director*
D.S. ALVA	
S. SARDANO	
O. FERRARY	
K.R. ALPAIWALLA	*Alternate to O. FERRARY*
C. JOURQUIN	
D.B. ENGINEER	*Alternate to C. JOURQUIN*
NESS N. WADIA	

SECRETARY & FINANCIAL CONTROLLER

J.N. THAKKAR

BANKERS

STATE BANK OF INDIA
CANARA BANK
STATE BANK OF INDORE

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SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & CO.

AUDITORS

S.B. BILLIMORIA & CO.
Chartered Accountants

REGISTERED OFFICE

NEVILLE HOUSE,
BALLARD ESTATE,
MUMBAI-400 001.

KALYAN FACTORY

N.R.C. ROAD, P.O. ATALI,
VIA MOHONE,
KALYAN-421 102,
DIST. THANE,
MAHARASHTRA.

DEWAS FACTORY

INDUSTRIAL AREA NO. 3,
AGRA-BOMBAY ROAD,
DEWAS-455 001,
MADHYA PRADESH.

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NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of NATIONAL PEROXIDE LIMITED will be held at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Thursday, 24th July, 1997 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Nusli N. Wadia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. L. Paranjape who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. H. C. Bijawat who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Messrs. S. B. Billimoria & Co. as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
7. To appoint a Director in place of Mr. C. Jourquin who holds office upto the date of this Annual General Meeting by reason of Section 262 of the Companies Act, 1956 read with Article 138 of the Articles of Association of the Company but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose him as a candidate for the office of a Director.
8. To appoint a Director in place of Mr. Ness N. Wadia who was appointed as an Additional Director of the Company under Article 137 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but, being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose him as a candidate for the office of a Director.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED
J. N. THAKKAR
Secretary & Financial Controller

Registered Office:
Neville House
Ballard Estate
Mumbai 400 001

Mumbai, 13th June, 1997

NOTES :

(a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.

(b) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to item nos. 7 and 8 is annexed hereto.

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(c) The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, 1st July, 1997 to Monday, 7th July, 1997, both days inclusive.

(d) The dividend, if any, that may be declared at the meeting will be paid on and from 5th August, 1997 to those Members whose names appear in the Company's Register of Members on 7th July, 1997.

(e) Declarations in Form 15G under the Income-Tax Rules, 1962 read with Section 194A of the Income Tax Act, 1961, to be effective, must reach the Company on or before 16th July, 1997.

(f) Members are requested to notify immediately any change of address to the Company.

(g) The unclaimed dividends, for the year ended 31st March, 1993 and previous years, declared by the Company have been transferred to the general revenue account of the Central Government in terms of Section 205(A) of the Companies Act, 1956. The Company is informing the members concerned about the particulars of the unclaimed dividend. Shareholders who have not encashed the dividend warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Chinchpokli (E), Mumbai 400 033.

(h) Members are requested to furnish their permanent account numbers so as to enable the Company to comply with the provisions for the issue of tax deduction certificates.

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ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out the material facts relating to the business mentioned at item nos. 7 and 8 of the accompanying Notice of the Annual General Meeting dated 13th June, 1997.

Item No. 7

Mr. C. Jourquin was appointed a Director in accordance with the provisions of Section 262 of the Companies Act, 1956 with effect from 17th April, 1996 to fill the casual vacancy caused by the resignation of Mr. Marc Duhem. Mr. Marc Duhem would have held office upto the date of this Annual General Meeting had he not resigned. Pursuant to Section 262 of the Companies Act, 1956 read with Article 138 of the Articles of Association of the Company, Mr. Jourquin holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member, proposing Mr. Jourquin as a candidate for the office of a Director alongwith a deposit of Rs. 500/- which will be refunded to such Member, if Mr. Jourquin is elected as a Director.

The services of Mr. Jourquin will be useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Jourquin is interested in the Resolution at Item 7 since it relates to his own appointment.

Item No. 8

Mr. Ness N. Wadia was appointed as an Additional Director on the Board of the Company with effect from 18th March, 1997 pursuant to Section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. Mr. Ness N. Wadia holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member, proposing Mr. Ness N. Wadia as a candidate for the office of a Director alongwith a deposit of Rs. 500/- which will be refunded to such Member if Mr. Ness Wadia is elected as a Director.

The services of Mr. Wadia will be useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Ness N. Wadia is interested in the Resolution at item no. 8 since it relates to his own appointment. Mr. Nusli N. Wadia may also be deemed to be interested in this item since it relates to the appointment of his son.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED
J. N. THAKKAR
Secretary & Financial Controller

Registered Office:
Neville House
Ballard Estate
Mumbai 400 001

Mumbai, 13th June, 1997

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DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1997.

1. FINANCIAL RESULTS

	Rs. in lacs	*Previous Year Rs. in lacs*
Gross Operating Profit	523.02	*1029.05*
Less: Depreciation on Fixed Assets	587.92	*537.87*
(Loss) / Profit before Taxes	(64.90)	*491.18*
Less: Provision for Taxes	—	—
(Loss) / Profit after Taxes	(64.90)	*491.18*
Add: Transfer from Debenture Redemption Reserve	—	*63.00*
Add: Excess provision for Taxes of prior years written back	21.93	—
Add: Transfer from Investment Allowance Reserve	98.00	*7.13*
Add: Profit brought forward from last year's Account	2092.35	*1684.49*
Surplus available for appropriation	2147.38	*2245.80*
Appropriations to:		
Proposed Dividend	22.99	*103.45*
Corporate Tax on Dividend	2.30	—
Transfer to General Reserve	—	*50.00*
Balance carried to Balance Sheet	2122.09	*2092.35*
	2147.38	*2245.80*

2. DIVIDEND

The Directors recommend the payment of a dividend of Rs. 10/- per share for the year ended March 31, 1997.

3. ACCOUNTS

The current year's operations have resulted in a gross operating profit of Rs. 523.02 lacs after absorbing the interest burden of Rs. 1323.80 lacs. The gross operating profit in the previous year was Rs. 1029.05 lacs. There is a net loss of Rs. 64.90 lacs compared to net profit of Rs. 491.18 lacs in the previous year on account of reduction in sales realisation and increase in interest and depreciation.

4. OPERATIONS

PEROXYGEN DIVISION:

Hydrogen Peroxide production was 24,479 MT (50%) as against 23,614 MT (50%) in the previous year recording an increase of 4% over the previous year.

The domestic sales during the year recorded an increase of 10% to 21,705 MT (50%). The company exported 2,335 MT (50%) of Hydrogen Peroxide as against 4,910 MT (50%) last year.

The overall demand for Hydrogen Peroxide which is used by paper industry was affected by cheap imports of newsprint at zero customs duty. Though the import duty @ 10% has been reimposed by the Government from October 1996, the lower international prices of paper are hurting the local paper industry.

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The domestic sales prices of Hydrogen Peroxide were adversely affected by intense competition by new producers. The company has been able to maintain its market share inspite of price competition and pressure on its margin. Sales prices in the international market also are under pressure due to oversupply of Hydrogen Peroxide and demand recession in world pulp and paper market.

The company is trying its best to cut costs of operation and be more competitive in the market. The higher incidence of interest cost, which has depressed the Company's profitability, will reduce progressively by inflow of funds from Wadala property development, over the next two years. The Company hopes to maintain its leadership and meet competition effectively.

The wage accord with the Worker's Union has expired on March 31, 1996. Negotiations with the Union are in progress and the Company hopes to finalise the new wage agreement soon. Employee relations at the Plant are cordial.

PLASTICS ADDITIVES DIVISION :

Plastics Additives plant produced 4,148 MT against 3,625 MT in the previous year. The sales during the year dropped marginally to 3,928 MT as compared to 4,029 MT in the previous year. Export at 318 MT was higher by 67 MT over the previous year.

PVC processing, which is dominated by PVC pipes manufacturing industry, was affected by extended monsoon season. Large portion of PVC pipes purchases are funded by State Governments, which slowed down in a few states due to lack of Government funding. This depressed the demand and sales prices affecting Company's working.

Employee relations at the Plant are cordial.

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5. DEVELOPMENT OF WADALA PROPERTY

The company's real estate project, named NAPEROL TOWER is progressing satisfactorily. Concrete superstructure will be ready by September 1997 and the project will be completed, as scheduled, in the third Quarter of 1998. The company has commenced booking of residential flats and expects a reasonable response inspite of general slackness in the property market.

6. RESEARCH & DEVELOPMENT

The Research and Development department of the company has continued its efforts to develop new products based on Hydrogen Peroxide and direct applications in various industries. The company is receiving good support from Solvay Interox in its Research and Development efforts.

Research and Development efforts in Plastics Additives Division has helped to develop cost effective product formulations, which were well received in the domestic as well as export markets.

7. SAFETY & ENVIRONMENT

The company continues to maintain a good safety record and has worked 984 days without Lost Time Injury as on June 1, 1997. Necessary equipments have been installed at both plants for protection of air, water and soil pollution to meet the requirements of State Pollution Control Boards.

8. INSURANCE

All the properties of the company, including buildings, plant and machinery, stocks and materials in transit have been adequately insured. The company has taken public liability insurance policy as per Public Liability Insurance Act, 1991.

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9. FIXED DEPOSITS

Fixed deposits from the public and shareholders, outstanding with the Company at the end of the financial year on March 31, 1997 stood at Rs. 385.92 lacs, out of which a sum of Rs. 6.04 lacs, relating to 79 depositors, has not been claimed or for which disposal instructions had not been received on or before March 31, 1997 although the respective repayment dates had passed. Since then, deposits amounting to Rs. 2.07 lacs have been withdrawn/renewed by 27 depositors.

10. DIRECTORS

In view of the unfortunate demise of the Founder Chairman, Mr. Neville N. Wadia last year, the Directors appointed Mr. Nusli N. Wadia as the Chairman of the Board of Directors of the company and Dr. H.C. Bijawat as the Vice-Chairman of the Board of Directors of the company, with effect from September 24, 1996.

Mr. Nusli N. Wadia, Mr. B.L. Paranjape and Dr. H.C. Bijawat retire by rotation and being eligible offer themselves for reappointment.

Mr. C. Jourquin was appointed as a Director w.e.f. April 17, 1996 in place of casual vacancy caused by the resignation of Mr. Marc Duhem. He holds office upto the date of the ensuing Annual General Meeting. A Notice has been received from a member proposing his appointment as a Director.

Mr. Ness N. Wadia was appointed as an Additional Director to the Board on March 18, 1997. He holds office upto the date of the ensuing Annual General Meeting. A Notice has been received in writing from a member proposing his appointment as a Director.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

12. SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the accounts of Naperol Investments Limited and Wonderlene Investments Limited, subsidiaries of the Company, are appended.

13. PARTICULARS OF EMPLOYEES

The statement giving particulars under the Companies (Particulars of Employees) Rules, 1975, as required to be included in the Directors' Report, is appended.

14. AUDITORS

The members are requested to appoint Auditors for the current year and to authorise the Board of Directors to fix their remuneration.

On behalf of the Board of Directors

NUSLI N. WADIA
Chairman

Mumbai, 13th June, 1997

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Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) **Measures taken:**

Close monitoring of the Plants was done throughout the year in order to ensure that optimum usage of electricity and steam was done.

(b) **Additional Investments & Improvements:**

The implementation of energy audit carried out in the previous year has led to reduction in power consumption as detailed at Item 'A' below.

(c) **Impact of (a) & (b):**

The close monitoring of the Plant has resulted in reduction in power consumption per tonne of Hydrogen Peroxide.

(d) **Total energy consumption & energy consumption per unit of production:**

FORM A

A. POWER AND FUEL CONSUMPTION

	PEROXYGENS		PLASTICS ADDITIVES	
	1996-97	*1995-96*	1996-97	*1995-96*
1. **Electricity:**				
(a) Purchased:				
Units (KWH)	1,57,67,290	*1,58,72,775*	14,96,500	*19,85,682*
Total amount (Rs. lacs)	544.77	*475.74*	56.14	*55.13*
Rate/Unit (Rs.)	3.46	*2.99*	3.75	*2.77*
(b) Own Generation:				
(i) Through diesel generator				
Units (KWH)	19,479	*28,342*	6,51,692	*4,66,064*
Units per ltr. of diesel oil (KWH)	2.37	*2.36*	3.12	*3.18*
Cost/Unit of diesel (Rs.)	3.30	*2.97*	2.80	*2.44*
(ii) Through steam turbine/ generator	— Not Applicable —			
2. **Coal**	— Not Applicable —			
3. (a) **Furnace Oil**				
Quantity (KL)	254.98	*210.88*	104.35	*154.73*
Total amount (Rs. lacs)	127.16	*116.46*	7.40	*9.15*
Average rate (Rs.)	7701.82	*6151.09*	7058.14	*6037.28*
(b) **LSHS**				
Quantity (MT)	1651.04	*1893.36*	425.89	*468.92*
Total amount (Rs. lacs)	127.16	*116.46*	30.06	*28.31*
Average rate (Rs.)	7701.82	*6151.09*	7058.14	*6037.28*
4. **Other/internal generation**	— Not Applicable —			

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