



Report Junction National

ANNUAL REPORT AND
ACCOUNTS 1999-2000



Annual Report 1999-2000

(Registered — 16th March, 1954)

DIRECTORS (as on 21st June, 2000)

NUSLI N. WADIA
P.V. KUPPUSWAMY
H.C. BIJAWAT
B.L. PARANJPE
R.K. PITAMBER
K.N. SUNTOOK
NESS N. WADIA
F.E. BROWN
D.B. ENGINEER
S.R. LOHOKARE
I.C. JAIN
C. DE SLOOVER
M. FRIESEWINKEL

Chairman

Vice-Chairman

Alternate to F.E. BROWN

Wholetime Director

Nominee Director

BANKERS

STATE BANK OF INDIA
CANARA BANK
STATE BANK OF INDORE

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.



National Peroxide Limited

NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of NATIONAL PEROXIDE LIMITED will be held at Patkar Hall, Nathubai Thackersey Road, New Marine Lines, Mumbai 400 020 on Wednesday, 2nd August, 2000 at 3.30 p.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bana L. Paranjape who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ness N. Wadia who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

Special Business :

5. To appoint Mr. Foster E. Brown, who vacates office as a Director in the casual vacancy and in respect of whom a notice has been received from a member of his intention to propose the name of Mr. Brown as a candidate for appointment, as a Director of the Company liable to retire by rotation.
6. To appoint a Director in place of Mr. Michel Friesewinkel 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.
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the modification/s in the terms of appointment of Mr. S. R. Lohokare, who was appointed as Wholetime Director of the Company for a period of 5 years w.e.f. 1st May, 1998, as set out in the Draft Supplemental Agreement to be entered into between the Company and Mr. Lohokare, placed before this meeting and initialled by the Chairman for the purpose of identification.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution Dr. H. C. Bijawat and/or Mr. P. V. Kuppuswamy, the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Lohokare in terms of the aforesaid Draft Supplemental Agreement and to do such acts, deeds, matters and things as they may, in their absolute discretion deem usual, necessary or proper."

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

(H. S. LASHKERI)
Company Secretary

Registered Office :
Neville House
J. N. Heredia Marg
Ballard Estate
Mumbai - 400 001.
Mumbai, 21st June, 2000



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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. 5, 6 & 7 is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, 27th July, 2000 to Wednesday, 2nd August, 2000, both days inclusive.
- (d) The unclaimed dividends for the year ended 31st March, 1994 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. Shareholders who have not encashed their 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.
- (e) Members are requested to notify immediately any change of address to the Company's Share Transfer Agents, Sharex (India) Pvt. Ltd., (earlier known as HAMCO Share Registry Pvt. Ltd.) at either of the following addresses :

17/B, Dena Bank Building 2nd Floor, Horniman Circle Fort, Mumbai - 400 001. Tel : 270 2485 / 264 1376	Unit No. 1, Luthra Industrial Premises Andheri Kurla Road, Safed Pool Andheri (E), Mumbai - 400 072. Tel : 851 5644 / 851 5606
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- (f) Members are requested to bring their copy of Annual Report.





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. 5, 6 & 7 of the accompanying Notice of the Annual General Meeting dated 21st June, 2000.

Item No. 5

Mr. F. E. Brown was appointed a Director in accordance with the provisions of Section 262 of the Companies Act, 1956, with effect from 19th November, 1997, to fill the casual vacancy caused by the resignation of Mr. C. Jourquin. Mr. Jourquin 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. Brown holds office upto the date of the Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member, proposing Mr. Brown as a candidate for the office of a Director alongwith a deposit of Rs. 500/- which will be refunded to such Member, if Mr. Brown is elected as a Director.

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

Mr. Brown is interested in the Resolution at Item no. 5 since it relates to his own appointment.

Item No. 6

Mr. Michel Friesewinkel was appointed as an Additional Director on the Board of the Company with effect from 14th June, 2000, pursuant to Section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. Mr. Friesewinkel 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. Friesewinkel as a candidate for the office of a Director alongwith a deposit of Rs. 500/- which will be refunded to such Member if Mr. Friesewinkel is elected as a Director.

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

Mr. Friesewinkel is interested in the Resolution at item no.6 since it relates to his own appointment.

Item No. 7

The Members of the Company, at the 44th Annual General Meeting of the Company held on 4th August, 1998, approved the terms of appointment and remuneration of Mr. S. R. Lohokare as the Wholetime Director of the Company for a period of 5 years with effect from 1st May, 1998 in terms of Schedule XIII of the Companies Act, 1956.

The Company entered into an agreement with Mr. Lohokare on 21st August, 1998 (hereinafter referred as "Principal Agreement").

The Board of Directors of the Company at its meeting held on 14th June, 2000, approved certain modifications in the terms of appointment of Mr. Lohokare as set out in the Draft Supplemental Agreement referred to in the resolution at Item no. 7 of the Notice.

The material provisions of the said Draft Supplemental Agreement are as under :

1. The following new clause 9 shall be substituted for the existing clause 9 of the Principal Agreement :

9. Mr. Lohokare shall not, except in the proper course of his duties, during the continuance of his employment hereunder or any time thereafter, divulge or disclose to any person whomsoever or make use whatsoever for his own purpose or for any purpose of any information or knowledge obtained by him during his employment, as to the business and/or affairs of the Company and/or the know-how, technology, methods, machines, compositions, knowledge, information and other data, trade secrets, formulae and process of manufacturing of various products by the Company and/or list of Company's customers and suppliers (and likewise in relation to the Company's associated companies) all of which information is or may be confidential with the exception of any information generally made available to the public or make or take copies of the manuals, tracings, blue prints, drawings, books, papers containing such confidential information without proper authority taken prior to making or taking copies, such copies containing the whole information or substantially similar information from the original manual, tracings, drawings, blue prints, papers, books, etc. Mr. Lohokare shall during the continuance of his employment hereunder, also use his



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best endeavours to prevent any other person from publishing or disclosing such confidential information PROVIDED HOWEVER that any such divulgence or disclosures by Mr. Lohokare to officers and employees of the Company solely for the purpose of the business of the Company shall not be deemed to be a contravention of this clause.

2. The following new clauses 9(a), 9(b) & 9(c) shall be inserted after clause 9 of the Principal Agreement
 - 9(a) All notes, books, papers, memoranda and other documents or any trade secrets or confidential information concerning the business of the Company (and the associated companies) which shall be acquired, received or made by Mr. Lohokare during the course of his employment hereunder and/or incidental to his employment, shall be the property of the Company and shall be surrendered by Mr. Lohokare to someone duly authorised in that behalf at the termination of his employment or at the request of the Board of Directors (or any other designated persons) at any time during the course of his employment.
 - 9(b) Mr. Lohokare covenants with the Company that in the event of his ceasing to be the Executive Director of the Company hereunder before the expiry of the said period of 5 years, Mr. Lohokare will not, for the remainder of such period, either alone or jointly with or as an employee of any person, firm or company, directly or indirectly, carry on or engage in any activities or business which shall be in competition with the business of the Company.
 - 9(c) Notwithstanding what is provided in clause 9(b), Mr. Lohokare covenants with the Company that in the event of his ceasing to be the Executive Director of the Company before the expiry of the said period of 5 years, he will not for the remainder of such period, in connection with carrying on any business similar to, or in competition with, the business of the Company, for himself or on behalf of any person, firm or company directly or indirectly :
 - (i) seek to procure orders or do business with any person, firm or company, who/which has at any time during the two years immediately preceding such cessation of employment, done business with the Company; or
 - (ii) endeavour to entice away from the Company any person who has at any time during the two years immediately preceding such cessation of employment, done business with, or was engaged by, the Company. Provided that nothing in this clause shall prohibit seeking or procuring of orders or doing of business not related or similar to the business/businesses of the Company.
3. Save and to the extent hereinabove amended, the Principal Agreement shall continue to remain in force and effect in accordance with the terms thereof.

Your Directors recommend this Resolution for acceptance.

The foregoing material terms may also be treated as an abstract for the modification in the terms of Mr. Lohokare's appointment as a Wholetime Director for the purpose of Section 302 of the Companies Act, 1956.

The Draft Supplemental Agreement referred to at Item no. 7 of the accompanying Notice will be available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day except Saturday.

Mr. S. R. Lohokare is interested in the Resolution at Item no.7 since it relates to him.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

(H. S. LASHKERI)
Company Secretary

Registered Office :
Neville House
J. N. Heredia Marg
Ballard Estate
Mumbai - 400 001.

Mumbai, 21st June, 2000



National Peroxide Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2000	For the year ended 31st March, 1999
	Rs. in lacs	Rs. in lacs
Gross Turnover	6,495.87	6,044.00
Profit before Interest & Depreciation	962.57	585.88
Profit from Property Development	—	421.49
Total Profit	962.57	1,007.37
Interest	1,566.86	1,125.71
(Loss) before Depreciation	(604.29)	(118.34)
Depreciation	570.08	588.46
(Loss) before Tax	(1,174.37)	(706.80)
Tax	—	—
(Loss) after Tax	(1,174.37)	(706.80)
Add: Previous Year's adjustments (Net)	(0.52)	(1.72)
	(1,174.89)	(708.52)
Less: Balance in Profit and Loss Account of Previous Year	293.54	1,002.06
Amount transferred to General Reserve/Balance Sheet	(881.35)	293.54

The financial results for the year under review were affected due to the following factors:

- The interest during the year increased from Rs. 1,126 lacs to Rs. 1,567 lacs i.e. by Rs. 441 lacs. The increase in interest is due to increase in respect of property development as a result of it being considered as a revenue expenditure for whole of this year as compared to 7 months for the corresponding period of last year.
- During the year due to the sluggishness in the property market, there is no property income as compared to an income of Rs. 421 lacs in the previous year.
- During the coming year significant improvement in the performance is expected on account of the following:
 - There is a substantial improvement in the property market and your Company expects to sell a significant number of flats, which will help in reducing the interest burden in the coming year.
 - The sale of Dewas Plant is expected to be concluded in the coming year which will help to reduce the borrowings and consequently the interest burden.
 - With improvement in prices of Hydrogen Peroxide, your Company expects to improve its bottom line significantly.

2. Dividend

In view of the loss for the year, your Directors regret their inability to recommend payment of any dividend for the year.

3. Accounts

The current year's operations have resulted in a gross operating loss of Rs. 604.29 lacs after absorbing the interest burden of Rs. 1,566.86 lacs. The gross operating loss in the previous year was Rs. 118.34 lacs. There is a net loss of Rs. 1,174.37 lacs compared to net loss of Rs. 706.80 lacs in the previous year.



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4. Operations

PEROXYGENS DIVISION

During the year under review, sale of Hydrogen Peroxide (50%) at 25,606 MT showed a small growth over the last year. However, it is heartening to report that the prices improved by over 36% during the year. Your company expects the price to improve further during the coming year, which will help in improving the Company's bottom line substantially. In spite of the stiff competition your company continues to maintain its prime position in the market and holds 42% of the market share.

The efforts to expand the existing market and pursue new applications in the area of waste water treatment is expected to improve the volume during the coming year. The efforts to reduce operating and administrative costs continued during the year. Further improvement in power consumption has reduced the cost of production significantly.

In order to improve the bottom line, the company has initiated the process of financial restructuring. Your company expects to reduce the cost of borrowings by obtaining financial assistance at cheaper rates.

Employee relations continued to be cordial during the year.

PLASTICS ADDITIVES DIVISION

Sales at 2,617 MT and production at 2,444 MT were lower by 18% and 24% as compared to previous year. The sales were affected due to significant drop in the market demand due to high prices of PVC resin and continued competition from the small scale producers. Substantial increase in the cost of utilities affected the performance significantly.

The conciliation proceedings with M/s Barlocher GmbH have now been concluded and your Company is hopeful that the sale will be completed during the coming year.

Employee relations continued to be cordial during the year.

5. Status of Sale of Real Estate at Naperol Towers

During the year under review, real estate market continued to be extremely sluggish and your Company could not sell any flats. However, with the substantial improvement in the real estate market your company expects to sell significant number of flats during the year.

6. Y2K Status

The Company became Y2K compliant in December 1999. The new ERP system has been implemented and is expected to provide on-line information.

7. Research & Development

The Research & Development department of the Company has continued its efforts to develop new applications of Hydrogen Peroxide as well as to expand its existing usage. This has now resulted in boosting the Hydrogen Peroxide market for chemical pulp, recycle fibre pulp as well as for waste-water treatment especially in Petroleum Refineries and Pesticide Industries.

Your Company is glad to inform you that it has received an Indian Patent for one of its inventions.

The Department of Scientific and Industrial Research, Ministry of Science and Technology has granted renewal of recognition to the Company for its in-house Research & Development Department upto 31st March, 2003.

8. Safety & Environment

The Company continues to maintain a good safety record and has worked 978 days without Lost Time Injury as on 31st March, 2000. Environmental pollution standards of the concerned State Pollution Control Boards are also being met.

9. Insurance

All 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.

10. Fixed Deposits

Fixed deposits from the public and shareholders, outstanding with the Company at the end of the financial year on 31st March, 2000 stood at Rs. 429.45 lacs, out of which a sum of Rs. 7.71 lacs, relating to 79 depositors, has not been claimed for which disposal instructions had not been received on or before 31st March, 2000.



National Peroxide Limited

although the respective repayment dates had passed. Since then, deposits amounting to Rs. 1.34 lacs have been withdrawn/renewed by 17 depositors.

11. Directors

Mr. Bana L. Paranjape and Mr. Ness N. Wadia retire by rotation and being eligible offer themselves for re-appointment.

Dr. H. C. Bijawat has resigned as the Vice-Chairman of the Company with effect from 14th June, 2000. He, however, continues to be a Director of the Company. Mr. P. V. Kuppaswamy has been elected as the Vice-Chairman of the Company with effect from the same date.

Mr. Foster E. Brown was appointed as a Director with effect from 19th November, 1997 to fill the casual vacancy caused by the resignation of Mr. Christian Jourquin. Mr. Brown 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. Mr. Brown with his experience and knowledge in the concerned field would be an advantage to the Company.

Mr. Sergio Sardano was appointed as a Director of the Company with effect from 17th March, 1993 and re-appointed as a Director at the Annual General Meeting held on 2nd August, 1999. Mr. Sardano has resigned with effect from 31st December, 1999. The Directors wish to place on record their appreciation of the valuable service rendered by Mr. Sardano to the Company.

Mr. Denis Samson was appointed as a Director of the Company with effect from 28th May, 1999. He has resigned from the Board with effect from 2nd February, 2000. The Directors wish to place on record their appreciation of the valuable service rendered by Mr. Samson to the Company.

Dr. Christian De Sloover was appointed as a Director with effect from 14th June, 2000 in the casual vacancy caused by the resignation of Mr. Sergio Sardano. He holds office upto the date Mr. Sardano would have held office, had he not resigned.

Mr. Michel Friesewinkel was appointed as an Additional Director on the Board with effect from 14th June, 2000. 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.

12. 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.

13. 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.

14. 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.

15. 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, 21st June, 2000



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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 :

Several measures for conservation of Energy were undertaken during the year. Some of the key measures are as under :

- Carried out modifications of cooling water system to optimise the consumption of power and water.
- Installed low voltage energy efficient transformers on plant lighting system.
- Carried out trimming of impellers of pumps to optimise the power consumption.
- Replaced focus lights with low wattage energy efficient light fittings.
- Improved the insulation on steam lines.

These measures along with the measures taken during the last year have resulted in significant reduction in power consumption. In addition, leakages of solvents was significantly reduced by close monitoring.

(b) Additional Investments & Improvements :

Total expenditure of Rs. 5.00 lacs was incurred during the year on various energy conservation measures.

(c) Impact of (a) and (b) :

Results from various measures taken were seen during the year.

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

FORM A

A. POWER AND FUEL CONSUMPTION

	PEROXYGENS		PLASTICS ADDITIVES	
	1999-2000	1998-99	1999-2000	1998-99
1. Electricity:				
(a) Purchased:				
Units (KWH)	1,35,40,108	1,49,53,853	16,24,059	16,58,140
Total amount (Rs. lacs)	569.14	596.41	74.50	67.73
Rate/Unit (Rs.)	4.20	3.99	4.59	4.08
(b) Own Generation:				
(i) Through diesel generator				
Units (KWH)	48,610	13,470	2,02,624	2,37,624
Units per ltr. of diesel oil (KWH)	2.76	2.49	2.95	3.08
Cost/Unit of diesel (Rs.)	3.95	3.64	4.39	3.17
(ii) Through steam turbine/generator			— Not Applicable —	
2. Coal			— Not Applicable —	
3. (a) Furnace Oil				
Quantity (KL)	313.42	481.07	133.26	220.10
Total amount (Rs. lacs)	30.50	32.34	11.87	14.79
Average rate (Rs.)	9,730.24	6,722.23	8,907.73	6,714.84
(b) LSHS				
Quantity (MT)	1,347.97	1,362.73	415.34	257.43
Total amount (Rs. lacs)	134.55	96.48	37.55	17.60
Average rate (Rs.)	9,981.50	7,079.85	9,040.80	6,836.00
4. Other/internal Generation			— Not Applicable —	