

National Peroxide Limited



ANNUAL REPORT
2009-2010



National Peroxide Limited

Annual Report 2009-2010

(Registered — 16th March, 1954)

DIRECTORS (As on 5th May, 2010)

P. V. KUPPUSWAMY *Chairman*

K. N. SUNTOOK

NESS N. WADIA

R. N. SETHNA

R. BATRA

J. S. BILIMORIA

D. N. MEHTA

S. R. LOHOKARE *Managing Director*

COMPANY SECRETARY

S. A. GAIKWAD

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,
J. N. HEREDIA MARG,
BALLARD ESTATE,
MUMBAI - 400 001.

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

17/B, DENA BANK BUILDING, UNIT No. 1,
2ND FLOOR, LUTHRA INDUSTRIAL PREMISES,
HORNIMAN CIRCLE, ANDHERI-KURLA ROAD,
FORT, SAFED POOL, ANDHERI (E),
MUMBAI - 400 001. MUMBAI - 400 072.
Tel: 2270 2485/2264 1376 Tel: 2851 5644/2851 5606

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NOTICE

NOTICE is hereby given that the Fifty-Sixth Annual General Meeting of the Members of NATIONAL PEROXIDE LIMITED will be held at Walchand Hirachand Hall (4th floor), IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 on Friday, 30th July, 2010 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. Rajesh Batra, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. P. V. Kuppaswamy, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, as Auditors of the Company to hold the office 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:

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

“RESOLVED THAT Mr. Jimmy S. Bilimoria be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation.”
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Durgesh N. Mehta be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation.”
8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing or Wholetime Director, such sum by way of commission, not exceeding in the aggregate one percent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st April 2011, be paid to and distributed amongst such Directors of the Company (resident in India) but excluding the Managing Director(s)

and/or Wholetime Director(s) as may be determined by the Board; the proportion and manner of such payment and distribution to be as the Board may, from time to time, decide and failing such determination as to distribution, to be divided equally amongst them.

“RESOLVED FURTHER THAT if at any time during the aforesaid period of five financial years commencing from 1st April 2011, the Company does not have any Managing or Wholetime Director, such sum by way of commission not exceeding in the aggregate three percent per annum of the net profits of the Company computed in the manner laid down in the said Section 198 be paid to and distributed amongst such Directors of the Company (resident in India), as may be determined by the Board, for the then residual unexpired part of the aforesaid period of five years; the proportion and manner of such payment and distribution to be as the Board may, from time to time, decide and failing such determination as to distribution, to be divided equally amongst them.”

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. The instruments appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the Special Business at Item Nos. 6 to 8 of the Notice as set out above, is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Friday, 16th July, 2010 to Friday, 30th July, 2010, both days inclusive.
- (d) (i) The dividend, if any, that may be declared at the Meeting, shall be paid on or after 31st July, 2010 to those shareholders whose names stand on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar & Transfer Agents on or before 15th July, 2010, in respect of the shares held in physical form.
- (ii) In respect of the shares held in electronic form, the dividend for the year ended 31st March, 2010 will be payable to the beneficial owners of the shares as at the closing hours of 15th July, 2010, as per the details to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
- (e) Members are requested to notify immediately any (i) change of address; (ii) change of bank details; (iii) NECS mandate; or (iv) nomination to:

- (1) their Depository Participants (DPs) in respect of shares held in demat form; and
- (2) the Company's Registrar & Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., in respect of shares held in physical form, at either of the following addresses:

17/B, Dena Bank Building
2nd Floor, Horniman Circle
Fort, Mumbai - 400 001.
Tel: 2270 2485/2264 1376

Unit No. 1,
Luthra Industrial Premises
Andheri Kurla Road, Safed Pool
Andheri (E), Mumbai - 400 072.
Tel: 2851 5644/2851 5606

The aforesaid information should reach Sharex Dynamic (India) Pvt. Ltd. on or before 15th July, 2010, except nomination which can be done at any time.

- (f) 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 205A 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, Mumbai.

Unclaimed dividends for the years ended 31st March, 1995; 31st March, 1996; 31st March, 1997; 31st March, 2001 and 31st March, 2002 were transferred to the Investor Education and Protection Fund (IEPF) as required in terms of Section 205A read with Section 205C of the Companies Act, 1956. No claim shall lie against the IEPF or the Company in respect of the unclaimed/unpaid amount(s) transferred to the IEPF.

In terms of Section 205A read with Section 205C of the Companies Act, 1956, dividends for the years ended 31st March, 2003 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the IEPF. The last dates for claiming unpaid dividends are given in the table below:

Financial Year	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend
2002-03	23.07.2003	22.07.2010
2003-04	29.07.2004	28.07.2011
2004-05	28.07.2005	27.07.2012
2005-06	28.07.2006	27.07.2013
2006-07	27.07.2007	26.07.2014
2007-08	23.07.2008	22.07.2015
2008-09	21.07.2009	20.07.2016

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their

claim to Sharex Dynamic (India) Pvt. Ltd., at the addresses given above, quoting their folio numbers/DP ID & Client ID. It may be noted that once the unclaimed/unpaid dividend is transferred to the IEPF as aforesaid, no claim shall lie in respect of such amount(s) by the members.

- (g) Members/Proxies should bring the Attendance Slip sent herein duly filled in for attending the Meeting.
- (h) Members are requested to bring their copy of the Annual Report to the Meeting.
- (i) Members desiring any information/clarification as regards the Accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to reply at the Meeting.
- (j) As required in terms of Paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the Director(s) being appointed/re-appointed are furnished below:

1. Mr. Rajesh Batra

Mr. Rajesh Batra, 55, did his schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from the Jamnalal Bajaj Institute in 1978.

Son of Mr. Ram Batra, a leading Businessman and Sheriff of Bombay in 1978, Rajesh Batra, along with his brother Rajiv, founded Proline in 1983. The brand has a national presence and is presently sold through more than 30 company exclusive stores, major department stores & malls and several hundred retail outlets.

A keen tennis enthusiast, Mr. Batra was the Maharashtra State Champion during 1970s and was ranked number 6 in India at that time. He has also represented India in the Asian Junior Championships in 1973 where he was a finalist and at the World University Games in 1973 in Moscow.

Mr. Batra is a Director on the Board of several Companies. Besides this, he is a trustee on several charitable trusts and promotes tennis through the Ram Batra Memorial Foundation.

Mr. Batra does not hold any shares of the Company.

Other Directorships: Cravatex Ltd.; Proline India Ltd.; B.R.T. Ltd.; Technojet Consultants Ltd.; Oseaspre Consultants Ltd.; Proline Exports Pvt. Ltd.; Rajesh Rajeev Investments Pvt. Ltd.; Promark Fitness & Leisure Pvt. Ltd.; C. P. Plastics Pvt. Ltd.; Jehreen Investments Pvt. Ltd.; Lochness Investments Pvt. Ltd.; Citroflex Pvt. Ltd.; Spring Flower Investments Pvt. Ltd.; Nitapo Holdings Pvt. Ltd.; Heera Holdings & Leasing Pvt. Ltd.

Committee Memberships: National Peroxide Ltd. (Audit Committee; Remuneration Committee; Shareholders'/Investors' Grievance Committee)

2. Mr. P. V. Kuppuswamy

Mr. P. V. Kuppuswamy, 66, is a B.Sc. (Chem.), and B.Sc. (Chem. Engg.) with Post-Graduate Diploma of Indian Institute of Petroleum (Petroleum Refining &



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Petrochemicals) and had been with The Bombay Dyeing & Manufacturing Co. Ltd. for over 31 years in various Management positions involving Project Implementation, Manufacturing, Commercial, Marketing and Total Business Management, besides having previous experience of over 11 years in large Petrochemical Complex in functions relating to Technical Services, Production and Projects. Since August 1994, he had been on the Board of The Bombay Dyeing & Manufacturing Co. Ltd. (BDMC) with Executive responsibilities, till he ceased to be Jt. Managing Director w.e.f. April 1, 2010.

He joined the Board of National Peroxide Ltd. as a Non-Executive Director in July 1998. He was the Vice-Chairman from June 2000 to August 2002 and is the Chairman since September 2002.

Mr. Kuppaswamy holds 750 shares of the Company.

Other Directorships: Macrofil Investments Ltd.

Committee Memberships: National Peroxide Ltd. (Audit Committee; Remuneration Committee; Shareholders'/Investors' Grievance Committee)

3. Mr. Jimmy S. Bilimoria

Mr. Jimmy S. Bilimoria, 63, is a Fellow Member of the Institute of Chartered Accountants, England and Wales. In 1998, Mr. Bilimoria joined the Board of Ciba Specialty Chemicals (India) Limited as its Finance Director. In January 2001, he was appointed Managing Director and Country Head for all Ciba operations in India. He was the Non-Executive Chairman of Ciba India limited from January 2007 till August 2009.

He does not hold any shares of the Company.

Other Directorships: Dai-Ichi Karkaria Ltd.; Basic Oil Treating (India) Ltd.; Voltas Ltd.; eClerx Services Ltd.; Godrej Industries Ltd.; Infinity Retail Ltd.; ING Investment Management (India) Pvt. Ltd.; Oberoi Realty Ltd.; Tata Tea Ltd.

Committee Memberships: Dai-Ichi Karkaria Ltd. (Audit Committee); eClerx Services Ltd. (Audit Committee-Chairman; Shareholders' Grievance Committee); Infinity Retail Ltd. (Audit Committee-Chairman); Oberoi Realty Ltd. (Audit Committee); National Peroxide Ltd. (Audit Committee-Chairman); Tata Tea Ltd. (Audit Committee-Chairman); Voltas Ltd. (Audit Committee);

ING Investment Management (India) Pvt. Ltd. (Audit Committee-Chairman).

4. Mr. Durgesh N. Mehta

Mr. Durgesh N. Mehta, 57, is a qualified Chartered Accountant. Post qualification, he joined Hindustan Lever Ltd., (now known as Hindustan Unilever Ltd.) as a Management Trainee and worked for over 28 years in that organization. During this period he held various positions in Accounts and Finance, Internal Audit, Commercial Management and Commodity Buying. His last job in India was that of Financial Controller of the Company. Thereafter, he was seconded as Finance Director of Unilever Arabia business of the parent Company, Unilever, PLC.

After returning to India in November 2005, he joined SIFY Ltd., as CFO, and in November 2006 joined Britannia Industries Ltd., as CFO. He has been seconded to The Bombay Dyeing & Manufacturing Co. Ltd. since November 2008 and presently he is designated as Jt. Managing Director.

He does not hold any shares of the Company.

Other Directorships: The Bombay Dyeing & Manufacturing Co. Ltd.; Macrofil Investments Ltd.; Britannia New Zealand Foods Pvt. Ltd.; L&T Bombay Developers Pvt. Ltd.; Britannia & Associates (Dubai) Co. Pvt. Ltd. (BADCO); Al Sallan Food Industries Co. SAOG; Strategic Food International Co. LIC, Dubai; Strategic Brand Holdings Co. Ltd., Dubai; Al Fayafi

Committee Memberships: National Peroxide Ltd. (Audit Committee)

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office:

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

Mumbai, 5th May, 2010

ANNEXURE TO THE NOTICE

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

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Items Nos. 6 to 8 of the accompanying Notice of the Annual General Meeting, dated 5th May, 2010:

Item No. 6

Mr. Jimmy S. Bilimoria was appointed as an Additional Director on the Board of the Company with effect from 22nd July, 2009, pursuant to Section 260 of the Companies Act, 1956 ("the Act"), read with Article 137 of the Articles of Association of the Company. Mr. Bilimoria holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Act, from a Member, proposing Mr. Bilimoria as a Director of the Company along with a deposit of Rs. 500/- which will be refunded to such Member, if Mr. Bilimoria is elected as a Director.

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

None of the Directors, other than Mr. Bilimoria, may be considered to be concerned or interested in the said appointment at Item No. 6.

Item No. 7

Mr. Durgesh N. Mehta was appointed as an Additional Director on the Board of the Company with effect from 22nd July, 2009, pursuant to Section 260 of the Companies Act, 1956 ("the Act"), read with Article 137 of the Articles of Association of the Company. Mr. Mehta holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Act, from a Member, proposing Mr. Mehta as a Director of the Company along with a deposit of Rs. 500/- which will be refunded to such Member, if Mr. Mehta is elected as a Director.

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

None of the Directors, other than Mr. Mehta, may be considered to be concerned or interested in the said appointment at Item No. 7.

Item No. 8

At the Annual General Meeting of the Company held on 28th July, 2005, the Members had passed a Special Resolution approving the renewal of the terms of remuneration by way of commission related to the net profits of the Company payable to the Directors other than Managing or Wholetime Directors for a further period of five years from 1st April, 2006 subject to the overall managerial remuneration laid down in Sections 198 and 309 of the Companies Act, 1956. Pursuant to Section 309(7) of the Companies Act, 1956, the approval conveyed by the aforesaid Special Resolution will expire on 31st March, 2011.

The first part of the Special Resolution covers a situation where there is a Managing or Wholetime Director(s). In such situation, it is proposed to pay to the Directors of the Company (resident in India), but excluding Managing and/or Wholetime Director(s), such remuneration by way of commission related to the net profit of the Company as may be decided by the Board of Directors not exceeding in the aggregate one percent per annum of the net profits of the Company for a period of five financial years commencing from 1st April, 2011.

The second part of the Special Resolution seeks to cover a situation if, for some reason, the Company, during the aforesaid period of five financial years commencing from 1st April, 2011, does not have a Managing or Wholetime Director(s). In such an event, it is proposed to pay the Directors of the Company (resident in India) such remuneration by way of commission related to the net profit of the Company as may be decided by the Board of Directors for the then residual unexpired part of the said period of five years but not exceeding in the aggregate three percent of the net profits of the Company.

In either case, the proportion, manner and distribution of Commission amongst the Directors would be determined by the Board of Directors and failing such determination as to distribution to be distributed amongst them equally. The Company also pays sitting fees to its Directors, except to the Managing or Wholetime Director(s).

The Special Resolution is necessary having regard to the provisions of Section 309(4) of the Companies Act, 1956. The Directors, therefore, commend the Special Resolution at Item No. 8 of the accompanying Notice for approval by the Members.

All Directors of the Company other than Mr. S. R. Lohokare, the Managing Director of the Company, may be considered to be concerned or interested in the said resolution, since it relates to remuneration/commission which may become payable to them.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office:

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

Mumbai, 5th May, 2010



National Peroxide Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting their Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2010.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
	Rs. in lacs	Rs. in lacs
Gross Turnover (net of excise)	12,190.56	13,499.80
Profit before Interest & Depreciation.....	3,364.04	4,236.50
Less: Interest.....	127.40	300.22
Profit before Depreciation.....	3,236.64	3,936.28
Less: Depreciation	830.83	820.73
	2,405.81	3,115.55
Less: Provision For Tax:		
– Current Tax	825.00	1,036.00
– Deferred Tax.....	(39.29)	28.63
– Fringe Benefit Tax	—	7.00
Add: Excess Provision of Taxes of Prior Years	—	20.66
Profit after Tax	1,620.10	2,064.58
Balance brought forward from previous year	4,861.22	3,676.01
AMOUNT AVAILABLE FOR APPROPRIATIONS.....	6,481.32	5,740.59
Appropriations:		
Proposed Dividend.....	574.70	574.70
Corporate Dividend Tax	97.67	97.67
Transfer to General Reserve.....	162.50	207.00
Balance carried to Balance Sheet	5,646.45	4,861.22
	6,481.32	5,740.59

YEAR IN RETROSPECT

The gross sales and other income for the year under review were Rs. 12,251 lacs as against Rs. 13,603 lacs for the previous year registering a decrease of 10%. The profit before tax was Rs. 2,406 lacs (after interest and depreciation charges of Rs. 958 lacs) and the profit after tax was Rs. 1,620 lacs for the year under review as against Rs. 3,115 lacs and Rs. 2,065 lacs respectively, for the previous year, down by 23% and 22% respectively.

During the year, the Company prepaid the balance Term Loans amounting to Rs. 975.50 lacs, and therefore the Company does not have any long term borrowing as on 31st March, 2010.

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of Rs. 10/- per equity share of Rs. 10/- each for the year ended 31st March, 2010 to be paid, if declared by the members at the Annual General Meeting to be held on 30th July, 2010.

3. OPERATIONS

During the year under review, the Company de-bottlenecked its Kalyan plant and increased its installed capacity from 54,000 MTPA to 65,000 MTPA of Hydrogen Peroxide (H₂O₂). Due to this the Company was able to produce 64,451 MT of H₂O₂, as compared to 55,168 MT during the previous year. This is the highest ever production in the history of the Company.

The Company's sales of 65,662 MT of H₂O₂, during the year under review, was a significant improvement over the 54,344 MT sold during the previous year. This is the highest ever quantity sold in the Company's history. Although the sales volume showed a robust increase of 21%, the sales value decreased by 10%. This was mainly on account of decline in sales realization of H₂O₂, due to intense domestic competition and pricing pressure on the customers, particularly in the Newsprint Industry. Despite stiff competition, the Company continues to maintain its prime position in the market and held 38% market share during the year.

4.04 Million Cubic Meters (MCM) of Hydrogen Gas (H₂) was also sold during the year, as against 4.79 MCM during the previous year. Sales of H₂ were affected due to emergence of local competition. As a result of lower sales value of H₂O₂ and H₂, the bottom-line of the Company was affected. Profit After Tax reduced from Rs. 2,065 Lacs to Rs. 1,620 lacs.

During the second half of the year there was some improvement in the economy as a result of which there was increased consumption particularly in the paper and textile sector. The Country's exports after declining at the beginning of the year once again started growing at the end of the year.

The exchange rate of the Rupee vis-à-vis US \$ fluctuated widely during the year. At the end of the year the Rupee appreciated significantly. This is expected to have some impact on the sales realization of H₂O₂, during the coming year.

Free Trade Agreement with ASEAN countries mainly Thailand, Malaysia and Singapore came into effect from 1st January, 2010. As a result, the customs duty on imports of H₂O₂ from these countries was reduced from 7.5% to 5% which is applicable to imports from other countries. This is also likely to have some impact on sales realization, during the coming year.

The Company used Natural Gas as feed stock, throughout the year. The gas was purchased on a spot basis upto December 2009. The gas is now being purchased as per a long term Gas Sale Agreement entered into with GAIL (India) Ltd. This will ensure a steady supply as per a defined price structure. Hence the volatility in price of Natural Gas will be significantly reduced. The price will, however, be linked to Crude Oil prices i.e. Japanese Crude Cocktail (JCC) as well as Exchange Rates.

As a result of the growing demand and the ability of the Company to market its extra production as a result of de-bottlenecking, the Company decided to increase its production capacity to 84,000 MTPA. The increased capacity is expected to be available by April 2011.

The settlement with the Union expired on 30th September, 2009. Negotiations are in progress and are expected to conclude shortly. Industrial relations continued to be cordial during the year.

4. INSURANCE

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

5. FIXED DEPOSITS

There are no outstanding or unclaimed deposits as on 31st March, 2010. The Company does not accept fresh deposits at present.

6. DIRECTORS

Mr. Jimmy S. Bilimoria and Mr. Durgesh N. Mehta were appointed as Additional Directors, both w.e.f. 22nd July, 2009. They hold offices upto the date of the ensuing Annual General Meeting. Notices have been received in writing from members proposing their appointment as Directors. Mr. Bilimoria and Mr. Mehta with their experience and knowledge would be an advantage to the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Rajesh Batra and Mr. P. V. Kuppaswamy retire by rotation and being eligible, offer themselves for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 ('the Act'), the Directors, based on the representations received from the Operating Management, confirm that -

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have, in selection of accounting policies, consulted the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the Annual Accounts on a going concern basis.

8. CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 of the Listing Agreement, with the Bombay Stock Exchange Limited have been complied with.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a Certificate from a Practising Company Secretary, regarding compliance of the conditions of Corporate Governance, which is annexed to the Directors' Report.



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9. 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 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 as Annexure A.

10. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

The details on climate change and greenhouse gas emissions are annexed as Annexure B.

11. CORPORATE SOCIAL RESPONSIBILITY

The Company along with Rotary Club of Mumbai, Shivaji Park and Larsen & Toubro Medical Centre, carried out three camps at Wada, Dist. Thane, Maharashtra for providing medical help to pregnant women and children suffering from malnutrition.

12. SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the accounts of Naperol Investments Limited, wholly-owned subsidiary of the Company, are appended.

13. CONSOLIDATED FINANCIAL STATEMENTS

As required by Accounting Standard 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements are annexed.

14. PARTICULARS OF EMPLOYEES

The information in terms of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, which forms part of this Report, is appended.

15. AUDITORS

Members are requested to appoint M/s. S. B. Billimoria & Co., Chartered Accountants, as Auditors for the current year at a remuneration to be fixed by the Board of Directors.

16. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to the Customers, Vendors, Bankers, Shareholders, Central and State Governments and Regulatory Authorities for their continued co-operation and support.

Your Directors also take this opportunity to acknowledge the dedicated efforts made by employees for their contribution to the success achieved by the Company.

On behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

K. N. SUNTOOK
Director

Registered Office:

Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai - 400 001.

Mumbai, 5th May, 2010

ANNEXURE – A**Information as per 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****A. CONSERVATION OF ENERGY**

(a) Measures Taken:

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

- Replaced old pumps with new Energy Efficient Pumps.
- Replaced 160 Watts Mercury Vapour Lamps with 23 Watts Compact Fluorescent Lamps for plant lighting.
- Installed Capacitor Banks on Transformer for power factor improvement.
- Installed Variable Frequency Drive units on Boiler Blower Motor for Energy Efficient operations.
- Reduced transformer secondary voltage to optimize consumption.
- Installed New Natural Gas Pressure Reducing Station for new dual fuel fired burner unit. This has resulted in a higher efficiency and lower cost besides significantly reducing SO₂ and NO_x emission.

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

(b) Additional Investments & Improvements: Total expenditure of Rs. 130.00 lacs was incurred during the year on various energy conservation measures.

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

Results from various measures taken were seen by way of reduced power consumption during the year.

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

FORM A**A. POWER AND FUEL CONSUMPTION**

	2009-10	2008-09
1. Electricity		
a. Purchased:		
Units (KWH)	2,46,96,150	2,17,42,950
Total Amount (Rs. lacs)	1238.61	932.68
Rate/Unit (Rs./KWH)	5.02	4.28
b. Own Generation:		
(i) Through diesel generator Units (KWH)	10,976	1,45,760
Units/litre of diesel oil (KWH)	3.05	2.89
Cost of diesel/Unit (Rs./KWH)	12.95	12.72
(ii) Through steam turbine/ generator	Not Applicable	
2. Coal	Not Applicable	
3a. Furnace Oil		
Quantity (MT)	971.66	2,008.63
Total amount (Rs. lacs)	214.87	522.99
Average rate (Rs./MT)	22,114.06	26,037.14
3b. Natural Gas		
Quantity (MMBTU)	43,689.33	—
Total amount (Rs. lacs)	155.76	—
Average rate (Rs./MMBTU)	356.52	—
4. Other/Internal Generation	Not Applicable	