

National Peroxide Limited



ANNUAL REPORT
2012-2013

AWARD RECEIVED DURING 2012-2013

MAHARASHTRA SAFETY AWARD - 2011



Certificate of Merit awarded by National Safety Council - Maharashtra Chapter, for Meritorious Performance in Industrial Safety, during the year 2011 in Chemical & Fertilizers Industry Group.



National Peroxide Limited

Annual Report 2012-2013

(Registered — 16th March, 1954)

DIRECTORS (As on 20th May, 2013)

NESS N. WADIA (Chairman)
P. V. KUPPUSWAMY (upto 18th January, 2013)
K. N. SUNTOOK
R. BATRA
J. S. BILIMORIA (Deceased on 3rd May, 2013)
D. N. MEHTA
N. P. GHANEKAR
S. R. LOHOKARE (Managing Director)

COMPANY SECRETARY

H. B. CHINYO

BANKERS

STATE BANK OF INDIA
CANARA BANK

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.

UNIT NO. 1,
LUTHRA INDUSTRIAL PREMISES,
ANDHERI-KURLA ROAD,
SAFED POOL, ANDHERI (E),
MUMBAI - 400 072.
Tel: 2851 5644/2851 5606

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NOTICE

NOTICE is hereby given that the Fifty-Ninth Annual General Meeting of the Members of NATIONAL PEROXIDE LIMITED will be held at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400018, on Wednesday, 14th August, 2013 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, 2013 and the Statement of Profit and Loss 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. Ness N. Wadia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. D. N. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, (Reg. No. 101496W) as Auditors of the Company to hold 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 modification(s), the following Resolution as an Ordinary Resolution :

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the Act”) (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the re-appointment of Mr. S. R. Lohokare, as Managing Director of the Company for a period of five years with effect from 1st May, 2013 on the terms and conditions, including remuneration, as are set out in the Agreement to be entered into between the Company and Mr. S. R. Lohokare, a draft whereof duly initialed by the Chairman, for the purpose of identification, is submitted to this meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include a committee thereof) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to, between the Board and Mr. S. R. Lohokare but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments and/or modifications that may hereafter from time to time be made thereto by the Central Government.

“RESOLVED FURTHER THAT where in any financial year, during the currency of the tenure of Mr. S. R. Lohokare as Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. S. R. Lohokare all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid draft Agreement within the overall ceiling specified in Schedule XIII to the Act or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act as amended from time to time.

“RESOLVED FURTHER THAT the Board, be and is hereby authorized, at its discretion, from time to time, to fix the remuneration and/or perquisites of Mr. S. R. Lohokare and revise such remuneration and/or perquisites from time to time within the maximum limits specified in the aforesaid draft Agreement and that the Board, be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

“RESOLVED FURTHER THAT the Board, be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution.”

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 no. 6 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 Thursday, 1st August, 2013 to Wednesday, 14th August, 2013, both days inclusive.
- (d) (i) The dividend, if any, that may be declared at the Meeting, shall be paid on or after 16th August, 2013 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 31st July, 2013, 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, 2013 will be payable to the beneficial owners of the shares as at the closing hours of 31st July, 2013, 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 the following address:

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 31st July, 2013, except nomination which can be done at any time.

- (f) Members are requested to refer to the Note on "Green Initiative" appended to this Notice.
- (g) 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 financial years 1994-95, 1995-96; 1996-97; 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 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, 2006 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
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
2009-10	30.07.2010	29.07.2017
2010-11	08.08.2011	07.08.2018
2011-12	09.08.2012	08.08.2019

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 address 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.

- (h) Members/Proxies should bring the Attendance Slip sent herein duly filled in for attending the Meeting.
- (i) Members are requested to bring their copy of the Annual Report to the Meeting.
- (j) 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.
- (k) 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. Ness N. Wadia

Mr. Ness N. Wadia, 41, was inducted on the Company's Board in March 1997 and is Chairman of your Company since April 2011. He has been conferred with the degree of M.Sc. in Engineering Business Management (Warwick University, U.K.).

Mr. Wadia has more than 20 years experience in managing and directing diverse businesses of the Wadia Group. He has been with The Bombay Dyeing and Manufacturing Company Limited for over 19 years wherein he has contributed his extensive and vast experience in the field of general management, product management and design, retail strategy and execution, project management, strategic direction and visioning to creating a stronger enterprise. Since April 2011, he is the Managing Director of The Bombay Burmah Trading Corporation Ltd.

Mr. Wadia is also driven by a deep passion towards different social and community causes and takes an active interest in community driven philanthropic initiatives of the Wadia group.

Mr. Wadia is not related to any of the other Directors. He does not hold any shares of the Company.

Other Directorships: The Bombay Dyeing & Mfg. Co. Ltd., Virtual Education Network Pvt. Ltd., Go Airlines (India) Ltd., KPH Dreams Cricket Pvt. Ltd., Britannia Industries Ltd., The Bombay Burmah Trading Corporation Ltd., Go Investments & Trading Pvt. Ltd., Naira Holdings Ltd. (British Virgin Islands), Leila Lands SDN BHD (Malaysia), Wadia Investments Ltd. and Wadia Techno Engineering Services Ltd.

Committee Memberships: Finance Committee of The Bombay Dyeing & Mfg. Co. Ltd., Audit Committees of Britannia Industries Ltd. and Go Airlines (India) Ltd., Investment Committee of Britannia Industries Ltd., Innovation Committee of Britannia Industries Ltd.



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2. Mr. D. N. Mehta

Mr. Durgesh N. Mehta, 61, 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.

Mr. Mehta is not related to any of the other Directors. He does not hold any shares of the Company.

Other Directorships: The Bombay Dyeing & Manufacturing Co. Ltd.; Macrofil Investments Ltd.;

Harvard Plantations Ltd.; Placid Plantations Ltd.; Naperol Investments Ltd.; BDS Urban Infrastructure Pvt. Ltd.; Britannia Dairy Pvt. Ltd.; Al Fayafi General Trading Co.

Committee Memberships: The Bombay Dyeing & Manufacturing Co. Ltd. (Share Transfer, Shareholders/ Investors Grievance & Ethics and Compliance Committee).

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

HANOZ B. CHINYOY
Company Secretary

Registered Office:

Neville House
J. N. Heredia Marg
Ballard Estate
Mumbai - 400 001
Mumbai, 20th May, 2013

GREEN INITIATIVE

Regarding Service of Documents to Shareholders by E-mail

The Ministry of Corporate Affairs ('MCA') has now expressly permitted Companies to effect service of documents on shareholders through the electronic mode by giving each shareholder an opportunity to register with the Company his/her e-mail address.

We, therefore, plan to send documents such as the Annual Report, notices of general meetings, circulars and postal ballot notices by e-mail to those shareholders whose e-mail IDs are available with us.

MCA has clarified that service of documents on shareholders through e-mail will constitute sufficient compliance with Section 53 of the Companies Act, 1956.

In view of the above, should you desire to receive documents from the Company through the electronic mode, please intimate/update your e-mail IDs to :

- (1) Your Depository Participants (DPs) in respect of shares held in demat form; and

- (2) The Company's Registrar & Transfer Agents, in respect of shares held in physical form, either by sending e-mail at naperol@sharexindia.com or sending a letter duly signed by first/sole holder, quoting the full name and folio to the following address:

Sharex Dynamic (India) Pvt. Ltd.
(NATIONAL PEROXIDE LIMITED)
Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072.
Tel: 2851 5644/2851 5606

You may, however, change your instructions at any time and request us to send you the documents in the physical form only.

The documents that we propose e-mailing you will also be available for ready access on our website www.naperol.com.

We trust, as a responsible citizen, you will join us in our initiative to conserve our environment through the curtailment of consumption of paper.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to 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 item no. 6 of the accompanying Notice of the Annual General Meeting, dated 20th May, 2013:

Item No. 6

The Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include a committee thereof) at their meeting held on 14th February, 2013 re-appointed Mr. S. R. Lohokare as Managing Director, for a period of five years with effect from 1st May, 2013, subject to the approval of the Members at this Annual General Meeting, upon the terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. Lohokare, referred to in the text of the Resolution at item no. 6 of this Notice. Mr. Lohokare's remuneration will be determined by the Board, from time to time, within the overall limits stated in Schedule XIII of the Companies Act, 1956 (hereinafter referred to as "the Act") existing or as amended, modified or re-enacted from time to time by the Government of India.

The gist of the material terms and conditions relating to his appointment as Managing Director (MD) are as follows:

1. Mr. Lohokare will serve the Company as Managing Director for a term of 5 years with effect from 1st May, 2013.
2. Mr. Lohokare shall carry out such functions, exercise such powers and perform such duties as the Board shall, from time to time, in their absolute discretion determine and entrust to him.
3. Mr. Lohokare shall devote his whole time and attention to the business of the Company, exert his best endeavours to promote its interests and welfare and attend his place of employment at all proper times.
4. (i) Mr. Lohokare shall undertake such travelling in and outside India as may be necessary in the interest of the Company's business or as may from time to time be required or directed by the Board in connection with or in relation to the business of the Company.
(ii) Mr. Lohokare shall be entitled to reimbursement of all expenses including travelling, entertainment/business promotion and other out-of-pocket expenses incurred by him in connection with or in relation to the business of the Company.
5. In consideration of the performance of his duties, Mr. Lohokare shall be paid the following remuneration:
Basic Salary upto a maximum of ₹ 12,00,000/- per month.
Benefits, perquisites and allowances including housing as may be determined by the Remuneration Committee or the Board of Directors from time to time, or as may be applicable in accordance with the rules and policies of the Company, upto a maximum of ₹ 12,00,000/- per month.

Reimbursement of actual medical expenses incurred on self and spouse.

Bonus and/or Commission as may be determined by the Remuneration Committee or the Board of Directors, based on performance criteria.

Contribution to Provident Fund, Superannuation Fund and Gratuity Fund as per the Rules of the Company.

Entitlement to Leave in accordance with the rules of the Company. Privilege Leave earned but not availed by Mr. Lohokare would be encashable in accordance with the Rules of the Company.

For the purpose of computing the ceilings, wherever applicable, perquisites would be valued as per the Income Tax Rules, 1962, and provision for use of car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in such computation.

The aggregate of the remuneration shall be within the maximum limits as laid down under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 ("the Act"), read with Schedule XIII thereto, as amended from time to time and shall be subject to the approval of the Central Government, if and to the extent necessary.

The Remuneration Committee or the Board of Directors may, at its discretion, fix the actual remuneration of Mr. Lohokare and revise the same from time to time, within the maximum limits specified hereinabove.

Where in any financial year comprised in the period of 3 years with effect from 1st May, 2013, during the currency of tenure of Mr. Lohokare the Company has no profits or its profits are inadequate, the Company shall pay Mr. Lohokare remuneration as determined from time to time by the Remuneration Committee or the Board of Directors pursuant to the authority vested in them, subject to compliance with the applicable provisions of Schedule XIII to the Act, with the approval of the Central Government if and to the extent necessary AND THAT such remuneration shall be treated as the minimum remuneration payable to Mr. Lohokare in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311, Schedule XIII and other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force).

6. The rules and policies of the Company which are applicable to other senior executives of the Company shall also apply to Mr. Lohokare.
7. Mr. Lohokare shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.
8. Mr. Lohokare shall not, as long as he functions as MD of the Company, become interested or otherwise concerned directly or indirectly in any contract with the Company as contemplated under sub-section (1) of Section 297 of the Act without the prior approval of the Central Government.



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9. Mr. Lohokare shall not, except in the proper course of his duties during the continuance of his employment with the Company or any time thereafter divulge or disclose to any persons 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 trade secrets or secret processes of the Company.
10. Mr. Lohokare shall not in the event of his ceasing to be MD of the Company before the expiry of the term of 5 years, for the remainder of such period:
 - (a) 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; and
 - (b) in connection with carrying on any business similar to or in competition with the business of the Company on his behalf 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 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 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.
11. The employment of Mr. Lohokare shall forthwith determine if he ceases to be a Director of the Company. He shall cease to be a Director if the Agreement is terminated and he ceases to be employed as MD.
12. If Mr. Lohokare be guilty of any misconduct or any breach of the Agreement which in the opinion of the Board may render his retirement from the office of MD desirable, the Company may without notice determine the Agreement forthwith and he shall cease to be MD of the Company upon such determination.
13. Either party shall be entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Mr. Lohokare's employment at any time by payment to him of six months' basic salary in lieu of such notice.

14. If Mr. Lohokare ceases to be MD of the Company, he shall be deemed to have resigned from the office of Director as and from the date of such cessation.

The Board will have the authority to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of Mr. Lohokare.

Approval of the members is being sought by way of special resolution for payment of minimum remuneration in excess of the ceiling specified in sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act for a period of 3 years with effect from 1st May, 2013, and necessary application will be made, if required, to the Central Government for approval of such payment.

The draft Agreement to be entered into by the Company with Mr. Lohokare is available for inspection by the members at the Registered Office of the Company on any working day (except Saturdays, Sundays and public holidays) upto the date of the Annual General Meeting.

This may be treated as an abstract of the terms of the Agreement between the Company and Mr. S. R. Lohokare, when executed, and memorandum of interest pursuant to Section 302 of the Act.

The Directors, therefore, commend the Ordinary Resolution at Item 6 for approval by the Members. None of the Directors are concerned with or interested in the Resolution, except Mr. S. R. Lohokare as it relates to his appointment and remuneration.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

HANOZ B. CHINOY
Company Secretary

Registered Office:

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

Mumbai, 20th May, 2013

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, 2013.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2013 (₹ in lac)	For the year ended 31st March, 2012 (₹ in lac)
Gross Turnover (net of excise)	21,201.42	15,330.96
Profit before Interest & Depreciation.....	7,178.95	4,931.28
Less: Interest	34.72	40.75
Profit before Depreciation.....	7,144.23	4,890.53
Less: Depreciation	1,100.23	1,002.19
Profit before Tax	6,044.00	3,888.34
Less: Provision For Tax:		
– Current Tax.....	1,932.00	810.00
– Deferred Tax.....	131.35	336.85
– Excess provision of Taxes for prior years	—	(6.63)
Profit after Tax.....	3,980.65	2,748.12
Balance brought forward from previous year.....	11,753.64	10,077.79
AMOUNT AVAILABLE FOR APPROPRIATIONS.....	15,734.28	12,825.91
Appropriations:		
Proposed Dividend.....	862.05	689.64
Corporate Dividend Tax	140.30	107.63
Transfer to General Reserve.....	399.00	275.00
Balance carried to Balance Sheet	14,332.93	11,753.64
	15,734.28	12,825.91

YEAR IN RETROSPECT

The gross sales and other income for the year under review were ₹ 21,731 lac as against ₹ 15,617 lac for the previous year, registering an increase of 39%. The profit before tax was ₹ 6,044 lac (after interest and depreciation charges of ₹ 1,135 lac) and the profit after tax was ₹ 3,981 lac for the year under review as against ₹ 3,888 lac and ₹ 2,748 lac respectively, for the previous year, registering an increase of 55% and 45% respectively.

The increase in sales and profit was due to a significant increase in the sales volume of Hydrogen Peroxide and Hydrogen Gas.

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of ₹ 15/- per equity share of ₹ 10/- each for the year ended 31st March, 2013 to be paid, if declared by the members at the Annual General Meeting to be held on 14th August, 2013.

3. OPERATIONS

The Company produced 79,127 MT of Hydrogen Peroxide, during the year under review, as compared to 57,624 MT during the previous year.

The Company sold 80,334 MT of Hydrogen Peroxide during the year under review, as against 61,240 MT during the previous year. The increase in the sales volume during the year as compared to the previous year was due to the additional capacity which became operational during the year and the shutdown taken in the previous year to bring the additional capacity on stream. The Company continues to maintain its prime position in the market and held 43% market share during the year.

4.28 Million Cubic Meters (MCM) of Hydrogen Gas were also sold during the year as against 3.29 MCM during the previous year.

As per the contract with GAIL Ltd., price of Natural Gas continued to rise during the year, resulting in increased cost of production.

During the year, the Company received ₹ 38.25 lac by way of dividend from its wholly owned subsidiary, Naperol Investments Ltd. Since the Company became debt free, the cash surplus has been invested in financial instruments. The interest & dividend income on account of such investments amounts to ₹ 480 lac. As a result, the other income of the Company was ₹ 527 lac as against ₹ 286 lac in previous year.



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During the year under review, your Company has commenced its expansion project which will increase the capacity of the Hydrogen Peroxide Plant from 84,000 MTPA to 95,000 MTPA. This project is expected to be completed by May 2014.

4. AWARDS AND RECOGNITION

The Company received the following award during the year 2012-13:

'Maharashtra Safety Award - 2011'

Certificate of Merit awarded by National Safety Council – Maharashtra Chapter, for Meritorious Performance in Industrial Safety, during the year 2011 in Chemicals & Fertilizers Industry Group.

5. SAFETY & ENVIRONMENT

The Company continues to maintain a good safety and environmental record and has worked for 1,720 days without Lost Time Injury as on 31st March, 2013.

6. 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.

7. FIXED DEPOSITS

There are no outstanding or unclaimed deposits as on 31st March, 2013. The Company does not accept fresh deposits at present.

8. DIRECTORS

Mr. J. S. Bilimoria, who was associated with the Company since July 2009, passed away on 3rd May, 2013 after a brief illness. The Board places on record its deep appreciation for the invaluable contribution and guidance accorded by Mr. Bilimoria during his association with the Company as a Director and also the Chairman of the Audit Committee.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ness N. Wadia and Mr. D. N. Mehta retire by rotation and both being eligible, offer themselves for re-appointment.

9. 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, 2013 and of the profit of the Company for the year ended 31st March, 2013;
- 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.

10. 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 BSE Ltd. (previous name - 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 Practicing Company Secretary, regarding compliance of the conditions of Corporate Governance, which is annexed to the Directors' Report.

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 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.