

A N N U A L R E P O R T

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National Peroxide Limited

ANNUAL REPORT AND ACCOUNTS 1998-99

A N N U A L R E P O R T



Annual Report 1998-99

(Registered — 16th March, 1954)

DIRECTORS (as on 28th May 1999)

NUSLI N. WADIA

Chairman

H.C. BLIAWAT

Vice-Chairman

B.L. PARANJPE

R.K. PITAMBER

K.N. SUNTOOK

S. SARDANO

NESS N. WADIA

F.E. BROWN

D.B. ENGINEER

Alternate to F.E. BROWN

S.R. LOHOKARE

Wholetime Director

P.V. KUPPUSWAMY

J.C. JAIN

Nominee Director

D. SAMSON

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 Fifth Annual General Meeting of NATIONAL PEROXIDE LIMITED will be held at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Monday, 2nd August, 1999 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, 1999 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 appoint a Director in place of Mr. S. Sardano who retires by rotation and being eligible, offers himself for re-appointment.
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 Dr. H. C. Bijawat who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 :

6. To appoint Mr. P. V. Kuppuswamy, 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. Kuppuswamy as a candidate for appointment, as a Director of the Company liable to retire by rotation.
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company ("the Articles") be and are hereby amended and altered in the manner and to the extent as set out below:

- A. In Article 2 of the Articles of Association of the Company, the following interpretations shall be added at appropriate places:

Beneficial Owner

"Beneficial Owner" means a person whose name is recorded as such with a depository;

SEBI Board

"SEBI Board" means the Securities and Exchange Board of India;

Bye-laws

"Bye-laws" means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act

"Depositories Act" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force;

Depository

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section 1(A) of Section 12 of the Securities and Exchange Board of India Act, 1992;



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Records

"Records" include the records relating to the Company maintained in the form of books or registers or stored on a computer or on diskettes or floppies or in such other form as may be determined by the Regulations;

Regulations

"Regulations" means the regulations made by the SEBI Board;

Security

"Security" means and includes Shares, Debentures and such other security as may be specified by the SEBI Board from time to time;

Member

"Member" means the duly registered holder, from time to time, of the shares of the Company and shall include the Beneficial Owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- B. (i) Article 25(1) of the Articles shall be substituted by the following Article:
- "The Company shall cause to be kept in one or more books a Register and Index of Members in accordance with Sections 150 and 151 of the Act and Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be the Register and Index of Members holding shares in a dematerialised form, for the purposes of the Act."
- (ii) Article 25(3) of the Article shall be substituted by the following Article:
- "The Company shall also cause to be kept in one or more books, a Register and Index of Debentureholders in accordance with the provisions of Section 152 of the Act."
- (iii) In Article 19 of the Articles of Association, after clause (b), the following Proviso shall be inserted:
- "Provided however that no share certificate(s) shall be issued for shares held by a Depository."
- (iv) Article 43 of the Articles shall be substituted by the following Article:
- "The Company shall maintain a 'Register of Transfers' and therein shall be fairly and distinctly entered, particulars of every transfer or transmission of any share held in the material form."
- C. The following Articles shall be inserted as Article 80A of the Articles, after Article 80:
- (i) *Dematerialisation of securities*
- "80A (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities and/or offer fresh securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder. Additionally, on the investor exercising an option to hold his/her securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise his/her securities, in which event, the rights and obligations of the parties concerned shall be governed by the Depositories Act,"
- (ii) *Option to receive security certificates or hold securities with a depository*
- "Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate to such depository, the details of allotment of the security, and on receipt of such information, the depository shall enter in its records, the name of the allottee as the beneficial owner of that security."



(iii) *Securities in depositories to be in fungible form*

"All securities held by a depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners."

(iv) *Distinctive numbers of securities held by a Depository*

"Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to Securities held with a Depository."

(v) *Transfer and transmission of securities*

"Notwithstanding anything contained in the Act or these Articles, in the case of transfer or transmission of securities, where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply."

(vi) *Rights of Depositories and Beneficial Owners*

- (1) "Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of a security on behalf of a beneficial owner.
- (2) Save as otherwise provided in clause (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository, shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of his/her securities held with a depository."

(vii) *Option to opt out in respect of any security*

"If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly.

The depository shall, on receipt of such intimation, make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty(30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be."

(viii) *Register and Index of beneficial owners*

"The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act."

(ix) *Beneficial owner deemed to be absolute owner*

"Except by an order of a Court of competent jurisdiction or if required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of securities in the records of depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest of any other person in any security or (except as expressly provided by these Articles) any right in respect of a security other than an absolute right thereto, on the part of any other person whether or not it shall have express or implied notice thereof."



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"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

(S.R. LOHOKARE)
Wholetime Director

Registered Office :
Neville House
Ballard Estate
Mumbai 400 001.

Mumbai, 28th May, 1999

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. 6 & 7 is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, 15th July, 1999 to Thursday, 22nd July, 1999, both days inclusive.
- (d) Members are requested to notify immediately any change of address to the Company.
- (e) 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 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.



National Peroxide Limited

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. 6 & 7 of the accompanying Notice of the Annual General Meeting dated 28th May, 1999.

Item No. 6

Mr. P.V. Kuppuswamy was appointed a Director in accordance with the provisions of Section 262 of the Companies Act, 1956 and with effect from 30th July, 1998, to fill the casual vacancy caused by the resignation of Mr. D.S. Alva. Mr. Alva 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. Kuppuswamy 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. Kuppuswamy as a candidate for the office of a Director alongwith a deposit of Rs. 500/- which will be refunded to such Member, if Mr. Kuppuswamy is elected as a Director.

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

Mr. Kuppuswamy is interested in the Resolution at item 6 since it relates to his own appointment.

Item No. 7

Consequent to the passing of the Depositories Act, 1996 and the introduction of the system of Depositories ("the System"), certain provisions of the Companies Act, 1956 ("the Act") and of the Securities Contracts (Regulation) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the System. Although the Company does not immediately propose to implement the system, the Company finds it necessary to make the necessary modifications in its Articles of Association ("the Articles") and pass an enabling resolution so that the system can be put into effect as and when considered necessary by the Board.

None of the Directors of the Company are concerned or interested in this resolution.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

(S.R. LOHOKARE)
Wholtime Director

Registered Office :
Neville House
Ballard Estate
Mumbai 400 001.

Mumbai, 28th May, 1999



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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 March 31, 1999.

1. FINANCIAL RESULTS

	For the year ended 31st March, 1999 Rs. in lacs	For the year ended 31st March, 1998 Rs. in lacs
Gross Turnover	6,044.00	6,866.91
Profit before Interest & Depreciation	1,007.37	633.70
Interest	1,125.71	1,161.37
(Loss) before Depreciation	(118.34)	(527.67)
Depreciation	588.46	585.64
(Loss) before Tax	(706.80)	(1,113.31)
Tax	—	—
(Loss) after Tax	(706.80)	(1,113.31)
Add: Previous Year's adjustments (Net)	(1.72)	(6.72)
	(708.52)	(1,120.03)
Less: Balance in Profit and Loss Account of Previous Year	1,002.06	2,122.09
Surplus available for Appropriations	293.54	1,002.06
Appropriations:		
Balance carried to Balance Sheet	293.54	1,002.06
	293.54	1,002.06

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. 118.34 lacs after absorbing the interest burden of Rs. 1,125.71 lacs. The gross operating loss in the previous year was Rs. 527.67 lacs. There is a net loss of Rs. 706.80 lacs compared to net loss of Rs. 1,113.31 lacs in the previous year.

4. Operations

PEROXYGENS DIVISION

Sales of Hydrogen Peroxide (50%) at 25,341 tonnes including export of 1,921 tonnes, rose by 8% over the previous year enabling the Company to maintain its position as the leading player in the domestic market. Although overall demand touched 52,000 tonnes, a significant jump over the previous year, it still fell far short of the installed capacity of 79,000 tonnes leading to a market glut and a further 17% drop over the last year's average price realisation. This severely affected the Company's profitability. However, of late there has been an encouraging trend towards more stable and realistic prices.

As reported last year, energy and manpower costs have been targeted for reduction to improve margins. As part of this ongoing activity, re-structuring of management and non-management staff has continued in the current year and has involved relocation of functions and staff hitherto located at Head Office to the Kalyan Plant. This exercise will be completed over the next few months. As a result of these measures there will be a significant reduction in wages and salaries and overhead costs.



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The energy conservation initiative has yielded positive results. In recognition of this, your Company received the Indira Gandhi Memorial National Gold Award from International Greenland Society, Hyderabad, for "Excellent Energy Conservation". Furthermore, several process improvements have been introduced which have debottlenecked production capacity and reduced cost.

The depressed real estate market has restricted sale of flats at the Company's Wadala property resulting in inadequate generation of funds. Consequently the Company's interest burden could not decline to the extent anticipated. However, the property market has recently shown signs of recovery and it is expected that during the current year the sale of flats and income generated therefrom will have a substantial positive impact on profitability.

Employee relations continued to be cordial during the year.

PLASTICS ADDITIVES DIVISION

Sales at 3,207 tonnes and production at 3,221 tonnes were lower by 8% and 7% respectively as compared to previous year. The sales were affected due to intensified competition from small scale producers and general recession in the market. Significant savings were made in the area of lead purchases and by in-house manufacture of intermediates.

Barlocher GmbH, Germany with whom your Company had entered into an Agreement for sale of this division terminated the Agreement. Your Company contested the termination and the matter is now in Conciliation in accordance with the provisions of the Agreement. Your Company is hopeful that the sale will materialize during the current year.

Employee relations continued to be cordial during the year.

5. Development of Wadala Property

The Company's Naperol Tower project received a part completion Certificate in August 1998 and the remaining formalities in this respect are expected to be completed soon. 24 flats have been sold during the year for a consideration of Rs. 15 crores and the Company has booked profit thereon on the basis of work completed method. With a revival of interest in the property market, hopefully the sale of flats will be brisker in the current year.

6. Y2K Status

The Company is now in the process of becoming Y2K compliant by September, 1999. To this end computer systems are being upgraded and an ERP package is being installed at a cost of Rs. 50 lacs. Vigorous follow-up is also being maintained with vendors and suppliers of goods and services to the Company to ensure that as far as possible they too are Y2K compliant.

7. Research & Development

The main thrust of R&D effort is to develop new applications for hydrogen peroxide so as to expand usage. In the industrialised West, the largest use of hydrogen peroxide is for bleaching pulp and paper. In India this application is relatively small by comparison. Efforts are being made by the R&D Department to promote the use of hydrogen peroxide in the domestic paper industry and for the treatment of effluents released by various process industries.

8. Safety & Environment

The Company continues to maintain a good safety record and has worked 643 days without Lost Time Injury as on May 1, 1999. Environmental pollution standards of the concerned State Pollution Control Boards are also being met.

9. 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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10. Fixed Deposits

Fixed deposits from the public and shareholders, outstanding with the Company at the end of the financial year on March 31, 1999 stood at Rs. 479.13 lacs, out of which a sum of Rs. 10.05 lacs, relating to 119 depositors, has not been claimed or for which disposal instructions had not been received on or before March 31, 1999 although the respective repayment dates had passed. Since then, deposits amounting to Rs. 3.39 lacs have been withdrawn/renewed by 52 depositors.

11. Directors

Mr. S. Sardano, Mr. Nusli N. Wadia and Dr. H.C. Bijawat retire by rotation and being eligible offer themselves for re-appointment.

Mr. P. V. Kuppaswamy was appointed a Director with effect from July 30, 1998 to fill the casual vacancy caused by the resignation of Mr. D. S. Alva. Mr. Kuppaswamy 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.

Mrs. Y.J. Mogrelia was withdrawn as a Nominee Director by ICICI Limited with effect from January 28, 1999. The Directors wish to place on record the valuable services rendered by Mrs. Mogrelia. ICICI Limited has nominated Mr. I.C. Jain in place of Mrs. Mogrelia with effect from January 28, 1999.

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, 28th May, 1999