

# National Peroxide Limited



**ANNUAL REPORT**  
**2013-2014**

## AWARDS RECEIVED DURING 2013-2014

NATIONAL SAFETY AWARDS - 2011



Mr. S. R. Lohokare, Managing Director, receiving the National Safety Awards for the performance year 2011, from Mr. Sis Ram Ola, Honourable Union Minister for Labour & Employment, Government of India, on 18th September, 2013 in New Delhi. The Company received two awards for outstanding performance in Industrial Safety as Winner, based on (i) Lowest Average Frequency Rate and (ii) Accident Free Year.



(Registered — 16th March, 1954)

### **DIRECTORS** (As on 29th May, 2014)

NESS N. WADIA (Chairman)  
 K. N. SUNTOOK (upto 25th April, 2014)  
 R. BATRA  
 D. N. MEHTA (upto 10th March, 2014)  
 N. P. GHANEKAR  
 S. RAGOTHAMAN  
 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

### **CONTENTS**

Notice	2
Directors' Report	9
Management Discussion & Analysis Report	16
Corporate Governance Report	19
Auditors' Report	29
Balance Sheet	32
Statement of Profit & Loss	33
Cash Flow Statement	34
Notes to the Financial Statements	35
Consolidated Auditors' Report	51
Consolidated Balance Sheet	52
Consolidated Statement of Profit and Loss	53
Consolidated Cash Flow Statement	54
Notes to the Consolidated Financial Statements	55
Naperol Investments Limited	71



# National Peroxide Limited

## Registered Office:

Neville House, J. N. Heredia Marg,  
Ballard Estate, Mumbai - 400 001  
(CIN: L24299MH1954PLC009254)  
Email: secretarial@naperol.com; Website: www.naperol.com  
Phone: 022-22618071; Fax: 022-22665966

## NOTICE

NOTICE is hereby given that the Sixtieth 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 400 018 on Monday, 11th August, 2014 at 3.30 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, 2014 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 (holding DIN 00036049), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S. B. Billimoria & Co., Chartered Accountants, Mumbai, (ICAI Registration No. 101496W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of traveling and out of pocket expenses incurred by them for the purpose of audit.”

### Special Business:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. N. I. Mehta & Co., Cost Accountants, Mumbai, (ICWA Registration No. 000023), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the

audit of the cost records of organic and inorganic chemicals and industrial gases of the Company for the financial year ending 31st March, 2015, be paid remuneration of ₹ 3,00,000/- (Rupees Three Lakhs Only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses.

“RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary, of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Rajesh Batra (holding DIN: 00020764), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for five consecutive years with effect from the date of the Annual General Meeting i.e. from 11th August, 2014 upto 10th August, 2019, with an option to retire from the office at any time during the term of appointment.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Nityanath Ghanekar (holding DIN: 00009725), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for five consecutive years with effect from the date of the Annual General Meeting i.e. from 11th August, 2014 upto 10th August, 2019, with an option to retire from the office at any time during the term of appointment.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. S. Ragothaman (holding DIN 00042395) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th August, 2013, in terms of Section 260 of the Companies Act, 1956, (corresponding to Section 161 of the Companies Act, 2013) and Article 137 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company, pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), for five consecutive years with effect from the date of the Annual General Meeting i.e. from 11th August, 2014 upto 10th August, 2019, with an option to retire from the office at any time during the term of appointment.”

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the non-executive directors of the Company (i.e. directors other than the Managing Director and/or the Whole-time Directors) be paid, remuneration, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine, not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof.

“RESOLVED FURTHER THAT the Board of Directors of the Company (including the Nomination and Remuneration Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For NATIONAL PEROXIDE LIMITED

H. B. CHINYOY  
Company Secretary

Mumbai, 29th May, 2014

## NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF SUCH A PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- (b) An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, which sets out details relating to the Special Business at the meeting, is annexed hereto as ‘Annexure I’.
- (c) A brief resume of Directors proposed to be appointed/ re-appointed, nature of their expertise in functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is hereto annexed as ‘Annexure II’.
- (d) The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 30th July, 2014 to Monday, 11th August, 2014, both days inclusive.
- (e) The dividend as recommended by the Board of Directors, if approved by the members at this Annual General Meeting, shall be paid on or after Tuesday, 12th August, 2014, to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar & Share Transfer Agents of the Company on or before 28th July, 2014 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2014 will be paid on or after Tuesday, 12th August, 2014 to the beneficial owners of shares as at the closing hours of 28th July, 2014 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
- (f) Members are requested to notify immediately any change of address:
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (ii) to the Company’s Registrar & Share Transfer Agents, M/s Sharex Dynamic (India) Pvt. Ltd. (RTA), at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai – 400 072, (Tel: 022-28515644/022-28515606) in respect of their physical share folios, if any, quoting their folio numbers.



# National Peroxide Limited

- (g) In view of the circular issued by SEBI, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents.

Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

- (h) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, (corresponding to Section 205A and 205C of the Companies Act, 1956) dividends for the financial year ended 31st March, 2007 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 Investor Education & Protection Fund (IEPF) on the dates given in the table below:

Financial Year	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend
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
2012-13	14.08.2013	13.08.2020

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. (RTA), at the address given above, quoting their folio numbers/DP ID & Client ID.

- (i) Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's RTA mentioned above.
- (j) Members are requested to refer to the Note on **"Green Initiative"** appended to this Notice.
- (k) Members intending to require information about the Financial Accounts, to be explained at the Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
- (l) Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

- (m) Members are requested to bring their copy of the Annual Report to the meeting.

(n) **Voting through Electronic Means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 60th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):.

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID:
  - (a) For CDSL: 16 digits beneficiary ID;
  - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> i.e. National Peroxide Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving physical copy:**
- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- B. The voting period begins on 4th August, 2014 (9.00 a.m.) and ends on 6th August, 2014 (6.00 p.m.) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th July, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (o) Mr. Nilesh G. Shah, Practicing Company Secretary, (Membership No. 2631) (Address: C/o. National Peroxide Ltd., Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai- 400001) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who do not have access to the e-voting process) in a fair and transparent manner.
- (p) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (q) The Results shall be declared at the AGM of the Company on 11th August, 2014 or thereafter. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.naperol.com](http://www.naperol.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited.
- (r) MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

By Order of the Board of Directors  
For NATIONAL PEROXIDE LIMITED

H. B. CHINOY  
Company Secretary

Mumbai, 29th May, 2014



## 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. (corresponding to Section 20 of the Companies Act, 2013).

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 Participant(s) (DP(s)) 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](mailto: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.  
(Unit-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](http://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.

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## ANNEXURE I TO THE NOTICE

### Explanatory Statement in respect of the Special Business pursuant to Section 102(1) of the Companies Act, 2013.

#### Item No. 5

The Board of Directors, on the recommendation of the Audit Committee, have approved the appointment of M/s. N. I. Mehta & Co., Cost Accountants, Mumbai, (ICWA Registration No. 000023) as Cost Auditors at a remuneration of ₹ 3,00,000/- (Rupees Three Lakh Only) plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit for the financial year 2014-15. A certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the Company during 11.00 a.m. to 1.00 p.m. and shall also be available at the meeting.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board of Directors commends the resolution set out at Item No. 5 of the Notice for approval by the shareholders.

#### Item Nos. 6 to 8

Mr. Rajesh Batra, Mr. Nityanath Ghanekar and Mr. S. Ragothaman (hereinafter collectively referred to as "Independent Directors of the Company") are Independent Directors of the Company.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement with the Stock Exchange inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Rajesh Batra, Mr. Nityanath Ghanekar and Mr. S. Ragothaman as Independent Directors under Section 149 of the Companies Act, 2013 ("the Act") and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years from the date of the Annual General Meeting to be held on 11th August, 2014 upto 10th August, 2019 with an option to retire from the office at any time during the term of appointment.

The Independent Directors of the Company are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from member(s) alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the Independent Directors of the Company for the office of Directors of the Company. The Company has also received declarations from the Independent Directors of the Company that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.



In the opinion of the Board, Mr. Rajesh Batra, Mr. Nityanath Ghanekar and Mr. S. Ragothaman fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. They are independent of the management.

Brief resume of the Independent Directors of the Company, nature of their expertise in functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement, are provided in Annexure II of the Notice.

Copy of the draft letters for respective appointments of Mr. Rajesh Batra, Mr. Nityanath Ghanekar and Mr. S. Ragothaman as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

The Independent Directors of the Company are interested in the resolutions set out respectively at Item Nos. 6 to 8 of the Notice with regard to their respective appointments.

The relatives of the Independent Directors of the Company may be deemed to be interested in the resolutions set out respectively at Item Nos. 6 to 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 6 to 8 of the Notice for approval by the shareholders.

## Item No. 9

Section 197 of the Companies Act, 2013 provides for payment of remuneration to the directors who are neither managing directors nor whole-time directors (i.e. non-executive directors) which shall not exceed 1% of the net profits of the Company. The Board of Directors of the Company, subject to the approval of members of the Company, propose to remunerate the non-executive directors (i.e. directors other than the Managing Director and the Whole-time Directors) not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Act.

The said remuneration to non-executive directors, if paid, shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Save and except all the non-executive directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

By Order of the Board of Directors  
For NATIONAL PEROXIDE LIMITED

H. B. CHINYOY  
Company Secretary

Mumbai, 29th May, 2014

## ANNEXURE II TO THE NOTICE

### Brief resume of Directors proposed to be appointed/re-appointed.

#### 1. Mr. Ness N. Wadia

Mr. Ness N. Wadia, 42, 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. Ness N. Wadia has more than 21 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 20 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. Ness N. 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. Ness N. 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. (Managing Director), 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.



# National Peroxide Limited

**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.

## 2. Rajesh Batra

Mr. Rajesh Batra, 59, did his schooling in Champion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jannalal Bajaj Institute in 1978. Son of Mr. Ram Batra, a leading Businessman and Sheriff of Bombay in 1978, Mr. Rajesh Batra, along with his brother Mr. Rajiv Batra, 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. Rajesh 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. Rajesh Batra is a Director on the Board of several Companies. Besides this, he is a trustee on several charitable trusts and promotes tennis through Ram Batra Memorial Foundation.

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

**Other Directorships:** Proline India Ltd.; B.R.T. Ltd.; Technojet Consultants Ltd.; Cravatex Ltd.; Proline Exports Pvt. Ltd.; R.B. Fitness & Trading Pvt. Ltd., Batra Apparel Pvt. Ltd.

**Committee Memberships:** Cravatex Ltd. (Shareholders'/ Investors' Grievance Committee).

## 3. Mr. Nityanath Ghanekar

Mr. Nityanath Ghanekar, 68, is a graduate in Commerce and Law and is a fellow member of the Institute of Chartered Accountants of India. He was a Partner with Lovelock & Lewes, Pricewaterhouse Coopers and Ernst & Young till 2007. He was Managing Director of JM Financial Asset Management Pvt. Ltd. till June 2009.

As a partner of global accounting firms, he has extensive well rounded experience of more than three decades in various areas like Finance, Regulators, Advisory and Taxation.

Over these years he has advised Corporate on Inbound and Outbound investments, Establishment of Joint Ventures, Mergers/Demergers/Acquisitions and Business Re-organisations, Due Diligences etc. This advisory service has been across industries like Telecom, Insurance, Automobiles, FMCG, Pharmaceutical, NBFC, Brokerages, etc.

He worked extensively within finance and investment fields. He has also worked in various aspects of taxation like inbound and outbound investments, Transfer pricing and Regulatory approvals like FIPB, IRDA, etc.

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

**Other Directorships:** LIC Nomura Mutual Fund Trustee Company Pvt. Ltd. and eClerx Services Ltd.

**Committee Memberships:** Audit Committee and Nomination and Remuneration Committee of eClerx Services Ltd.

## 4. Mr. S. Ragothaman

Mr. S. Ragothaman, 68, is a Graduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India. He has a vast and rich experience in banking with specialization in the areas of project advice, risk assessment and financial management. Mr. Ragothaman also offers consultancy services.

Mr. S. Ragothaman 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.; Digjam Ltd.; Hinduja Foundries Ltd.; Shreyas Shipping & Logistics Ltd.; Xpro India Ltd.; Xpro Global Ltd.; Sakthi Finance Ltd. and Shreyas Relay Systems Ltd.

**Committee Memberships:** Audit Committee of the Boards of The Bombay Dyeing & Mfg. Co. Ltd.; Digjam Ltd.; Hinduja Foundries Ltd.; Shreyas Shipping & Logistics Ltd.; Xpro India Ltd.; Shreyas Relay Systems Ltd.; Stakeholders' Relationship Committee of Hinduja Foundries Ltd.

By Order of the Board of Directors  
For NATIONAL PEROXIDE LIMITED

H. B. CHINYOY  
Company Secretary

Mumbai, 29th May, 2014

**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, 2014.

**1. FINANCIAL RESULTS**

	For the year ended 31st March, 2014 (₹ in lac)	For the year ended 31st March, 2013 (₹ in lac)
Gross Turnover (net of excise) .....	<u>23,426.54</u>	<u>21,201.42</u>
Profit before Interest & Depreciation .....	6,713.39	7,178.95
Less: Interest .....	21.65	34.72
Profit before Depreciation.....	6,691.74	7,144.23
Less: Depreciation .....	973.44	1,100.23
	5,718.30	6,044.00
Exceptional Items .....	119.56	—
Profit before Tax .....	5,837.86	6,044.00
Less: Provision For Tax:		
– Current Tax .....	1,928.00	1,932.00
– Deferred Tax .....	48.03	131.35
Profit after Tax .....	3,861.83	3,980.65
Balance brought forward from previous year.....	14,332.94	11,753.64
AMOUNT AVAILABLE FOR APPROPRIATIONS .....	<u>18,194.77</u>	<u>15,734.28</u>
Appropriations:		
Proposed Dividend.....	862.05	862.05
Corporate Dividend Tax .....	146.51	140.30
Transfer to General Reserve.....	387.00	399.00
Balance carried to Balance Sheet .....	16,799.21	14,332.93
	<u>18,194.77</u>	<u>15,734.28</u>

**YEAR IN RETROSPECT**

The gross sales and other income for the year under review were ₹ 24,063 lac as against ₹ 21,731 lac for the previous year, registering an increase of 11%. The profit before tax was ₹ 5,838 lac (after interest and depreciation charges of ₹ 995 lac) and the profit after tax was ₹ 3,862 lac for the year under review as against ₹ 6,044 lac and ₹ 3,981 lac respectively, for the previous year, registering decrease of 3% and 3% respectively.

The increase in sales was due to a significant increase in the sales price 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, 2014 to be paid, if declared by the members at the Annual General Meeting to be held on 11th August, 2014.

**3. OPERATIONS**

The Company produced the highest ever quantity of 83,931 MT of Hydrogen Peroxide, during the year under review, as compared to 79,127 MT during the previous year.

The Company sold 78,295 MT of Hydrogen Peroxide during the year under review, as against 80,334 MT during the previous year, due to restricted sales to build inventory for the expansion shutdown. In addition, the Company imported and sold 1,680 MT of Hydrogen Peroxide, during the year. The Company continues to maintain its prime position in the market and held 40% market share during the year.

4.07 Million Cubic Meters (MCM) of Hydrogen Gas were also sold during the year as against 4.28 MCM during the previous year. The sale of Hydrogen Gas was lower due to lower availability of Natural Gas, which is a key input in its production.

As per the contract with GAIL Ltd., price of Natural Gas continued to rise during the year, resulting in increased cost of production. From January 2014, the gas price has become fully variable with Japanese Crude Cocktail, as per agreed formula. Further change in gas price will depend on change in Japanese crude oil price. There were problems of gas availability during the year, as GAIL Ltd. declared *force majeure* due to pipeline problems. As a result, both the supply and price of Natural Gas were affected.



# National Peroxide Limited

Since the Company is debt free, the cash surplus has been invested in financial instruments. The interest & dividend income on account of such investments amounts to ₹ 508 lac. As a result, the other income of the Company was ₹ 611 lac as against ₹ 507 lac in the previous year.

During the year under review, your Company continued its plant expansion activities to increase the capacity of the Hydrogen Peroxide Plant from 84,000 MTPA to 95,000 MTPA. The Kalyan plant was shut down on 28th April, 2014 to bring the expanded capacity on line. The shutdown is planned for a period of 60 days and the plant is expected to come back on stream by end June 2014. The stock of Hydrogen Peroxide increased by 5,638 MT during the year, to meet the requirements of the customers during the shutdown.

## 4. AWARDS AND RECOGNITION

The Company received the following awards during the year 2013-14:

- i. National Safety Award under Scheme VII (Lowest Average Frequency Rate) from Government of India, Ministry of Labour & Employment, for the year 2011.
- ii. National Safety Award under Scheme VIII (Accident Free Year) from Government of India, Ministry of Labour & Employment, for the year 2011.
- iii. Certificate of Merit for achieving Zero Accident Frequency Rate from National Safety Council – Maharashtra Chapter, Mumbai, for the year 2012.

## 5. SAFETY & ENVIRONMENT

The Company continues to maintain a good safety and environmental record and has worked for 87 days without Lost Time Injury as on 31st March, 2014.

## 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, 2014. The Company does not accept fresh deposits at present.

## 8. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Ness N. Wadia retires by rotation and being eligible, offers himself for re-appointment.

Mr. S. Ragothaman was appointed as Additional Director, w.e.f. 29th August, 2013. He holds office upto the date of the ensuing Annual General Meeting. Mr. Ragothaman, with his experience and indepth knowledge, of the finance sector would be an advantage to the Company.

Mr. D. N. Mehta resigned from the Board w.e.f. 10th March, 2014. The Board places on record its appreciation for the valuable contribution made by Mr. Mehta during his association with the Company as a Director.

Mr. K. N. Suntook resigned from the Board w.e.f. 25th April, 2014. The Board places on record its appreciation for the valuable contribution made and services rendered by Mr. Suntook, towards the growth of the Company, during his long association with the Company as a Director.

Mr. R. Batra, Mr. N. P. Ghanekar and Mr. S. Ragothaman, directors of the Company, are being appointed as independent directors for five consecutive years from the date of the ensuing Annual General Meeting as per provisions of Section 149 and other applicable provisions of the Companies Act, 2013.

Necessary resolutions for the appointment/re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM and details of the proposal for appointment/re-appointment are mentioned in the explanatory statement of the notice. Your directors commend their appointment/re-appointment. All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956 and Section 164(2) of the Companies Act, 2013.

## 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, 2014 and of the profit of the Company for the year ended 31st March, 2014;
- 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.

## 12. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

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

## 13. CORPORATE SOCIAL RESPONSIBILITY

The Company donated a sum of ₹ 1.30 crores to Sir Ness Wadia Foundation, during the year, towards its Corporate Social Responsibility initiative.

## 14. 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.

## 15. 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.

## 16. 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.

## 17. AUDITORS

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

## 18. COST AUDITORS

The Company had appointed M/s. N. I. Mehta & Co., Cost Accountants, as the Cost Auditors to carry out the audit of the cost accounts of the Company relating to organic & inorganic chemicals and industrial gases for the financial year ended on 31st March, 2014. The Cost Audit Report for 2012-13 was filed on 26th September, 2013 before the due date of 27th September, 2013.

## 19. 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

NESS N. WADIA  
Chairman

*Registered Office:*

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

*Mumbai, 29th May, 2014*



**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:

- Installed new energy efficient instrument air compressor with VFD unit and operating compressor in close loop with VFD as per set instrument air header pressure for optimizing power consumption.
- Trimmed old CW pump impeller to match the head of other pumps operating in parallel to reduce the power consumption.
- Replaced old HT cooling water pumps with new energy efficient LLC pumps.
- Replaced instrument cooling water pump motor with new high efficiency motor.
- Replaced old window air conditioner units with 3 star rating air conditioner units.
- Replaced old 2X40W TL fitting with 16 watts LED type light fittings for office area.

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 reduced by close monitoring.

(b) Additional Investments & Improvements:

Total expenditure of ₹ 90.65 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**

	2013-14	2012-13
<b>1. Electricity</b>		
a. Purchased:		
Units (KWH).....	3,02,61,900	3,05,04,200
Total Amount (₹ lacs).....	2,071.10	2,234.55
Rate/Unit (₹/KWH) .....	6.84	7.33
b. Own Generation:		
(i) Through diesel generator Units (KWH).....	2,915	8,640
Units/litre of diesel oil (KWH) .....	2.24	2.30
Cost of diesel/Unit (₹/KWH).....	21.34	19.81
(ii) Through steam turbine/generator .....	Not Applicable	Not Applicable
<b>2. Coal</b> .....	Not Applicable	Not Applicable
<b>3a. Furnace Oil</b>		
Quantity (MT) .....	0.00	1.57
Total amount (₹ lacs) .....	0.00	0.57
Average rate (₹/MT).....	0.00	36,495.42
<b>3b. Natural Gas</b>		
Quantity (MMBTU) .....	1,29,329.00	1,15,714.00
Total amount (₹ lacs) .....	1,305.47	858.60
Average rate (₹/MMBTU).....	1,009.42	742.00
<b>4. Other/Internal Generation</b> .....	Not Applicable	Not Applicable

**B. CONSUMPTION PER UNIT OF PRODUCTION**

1. Electricity (KWH/MT).....	345.39	354.79
2a. Furnace Oil (KG/MT).....	0.00	0.02
2b. Natural Gas (MMBTU/MT) .....	1.50	1.43

The Boiler was operated for full year on Natural Gas. The consumption for each fuel is calculated on annual production. The equivalent fuel oil specific consumption on gross calorific value basis for 2012-13 & 2013-14 works out to 35.09 KG of Fuel Oil/MT & 36.98 KG of Fuel Oil/MT, respectively.

**B. TECHNOLOGY ABSORPTION****FORM B****I. Research and Development****1. Specific Areas:**

Our developmental efforts consisted of the following:

The Hydrogen Peroxide Plant is being expanded from 84,000 MTPA (name plate capacity) to 95,000 MTPA with the company's in-house efforts. The following are details of execution:

- (a) Process design & engineering of equipment of Hydrogen Peroxide Plant, keeping in view operating experience and energy conservation.
- (b) New design for extraction column trays.
- (c) Process improvements in Hydrogen Peroxide and Sodium Perborate manufacturing.
- (d) Improvement of water treatment process for Hydrogen Peroxide production by commissioning & stabilizing of self-cleaning Amide Filtration unit for smooth operation of RO plant.
- (e) Improvement of effluent treatment process by commissioning & stabilizing operation of DAF & PSF unit for ETP plant.

**2. Benefits Derived:**

- (a) Cost effective expansion is being carried out.
- (b) Higher productivity from the plant.
- (c) Improvement in Chemistry & Productivity of Working Solution.
- (d) Better control of effluent quality & better utilization of existing assets for higher loads.

**3. Plan of Action:**

During the next few years, our thrust will be primarily on:

- (a) Developing process design and carrying out engineering for Phase III expansion of Hydrogen Plant & Hydrogen Peroxide Plant for 1,40,000 MTPA.
- (b) Process modifications to reduce the cost of manufacture and improve yield.
- (c) Recycling of treated effluent back to process.
- (d) Reduction in water usage & chemical usage in water treatment plant by replacing conventional demineralization.
- (e) Implementation of Responsible Care Management System RC 14001:2013 & streamlining of IMS system comprising of QMS system 9001:2008, EMS 14001:2004, OSHAS 18001:2007, EnMS 50001:2011, GHG 14064-1 & RC 14001:2013.

**4. Expenditure on R&D:**

(a) Capital expenditure	:	NIL
(b) Recurring expenditure	:	NIL
(c) Total expenses	:	NIL
(d) Total as % of turnover	:	NIL

**II. Technology Absorption, Adaptation and Innovation****1. Efforts Made:**

- (a) Engineering & Process Design of equipments for expansion of Hydrogen & Hydrogen Peroxide Plant;
- (b) Improvement in Effluent Treatment Plant;
- (c) Implementation & stabilization of APC system for the Plant;
- (d) Upgradation of Exa OPC system for the Plant;
- (e) Stabilization of Cooling Tower operations using 3D Trasar system;
- (f) Operating the Boiler with Economizer for optimum usage of fuel;
- (g) Upgrading Infor ERP LN with the latest Indian version.



# National Peroxide Limited

## 2. Benefits Derived:

- (a) In-house designing of project & training of man power for technology & projects.
- (b) Reduction in effluent load to obtain the locational clearance.
- (c) Fine tuning of plant operating parameters resulting in smooth operation of plant with lower specific consumption.
- (d) Addressing obsolescence & ensuring system compliance and data collection for future analysis.
- (e) Optimum efficiency of heat exchanger.
- (f) Better economy & reduction in emission & clean operation.
- (g) Addressing obsolescence & ensuring system compliance.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

### (a) Activities relating to Exports:

The Company has not exported Hydrogen Peroxide during 2013-14.

### (b) Total Foreign Exchange used and earned:

Export Sales (FOB)	: ₹ Nil
Foreign exchange outgo (includes raw materials, spare parts, capital goods and other expenditure in foreign currency including dividends)	: ₹ 2,715.67 lacs

On behalf of the Board of Directors

NESS N. WADIA  
Chairman

Mumbai, 29th May, 2014

## ANNEXURE – B

### CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

The United Nations Climate Change Conference was held in 2013 in Warsaw, Poland. The next Conference will be held in Lima, Peru. As an outcome of the Warsaw Conference, the Governments of participating Countries agreed to communicate their respective contributions towards the universal Climate Change Agreement before the next meeting. The required monitoring, reporting and verification arrangements for required action have been finalized for implementation.

Further progress was also made in helping developing countries, to adapt to the impacts of climate change and build their own sustainable clean energy futures, by making technologies available.

In view of their commitment to mobilize USD 100 billion annually by 2020 to support developing countries in their climate change actions, the developed countries agreed to make efforts in this regard publicly known on a half-yearly basis from 2014 to 2020. The target capitalization of USD 100 million for the Adaptation Fund is achieved, which can now continue funding priority projects.

The Climate Technology Centre and Network (CTCN), tasked with stimulating technology cooperation and transfer to developing countries, are now open for business. This means that the CTCN, established in Cancun in 2010, has now moved to the operational stage.

CII Sohrabji Godrej Green Business Centre has been promoting concepts of Green business in India. They have developed 'GreenCo Rating System' to evaluate greenness of a Company. 39 companies are registered for GreenCo rating, 19 companies are already GreenCo rated & 75 are working on GreenCo rating. GHG emission is one of the criteria for rating of manufacturing industries.

India is faced with the challenge of sustaining its rapid economic growth, while dealing with the threat of climate change. Current per capita CO<sub>2</sub> emission in India is 1.02 MT.

The National Plan on Climate Change released by the Hon'ble Prime Minister, outlines Eight Missions including National Mission on Enhanced Energy Efficiency (NMEEE). A key provision of India's policy to GHG Mitigation involves Promotion of Energy Efficiency, Fuel switching e.g. Natural Gas, Emphasis on Nuclear & Hydro-Power/Solar Power Generation & Focused R&D on several clean Energy Technologies. Perform Trade and Achieve mechanism is presently applicable to 478 Designated Consumers (DC) from 9 sectors under the Energy Conservation Act, 2001. Efforts are being made to extend this scheme to additional sectors.



## Annual Report 2013-2014

In line with above National Level Activities, NPL has made exhaustive efforts to reduce its Carbon Foot Print during the year. NPL's Climate Change Policy is based on:-

- Continual improvement of energy efficiency in all the operations;
- Improving the operations, wherever practicable by implementing best practice technologies to reduce Greenhouse Gas Emissions;
- Conducting Audits to identify areas of improvement to further reduce energy consumption.

The project boundary was limited to the Company's Plant at Kalyan. The GHG emissions of the Company are given below:

SCOPE	FY 12-13			FY 13-14		
	(TON CO <sub>2</sub> /YEAR)			(TON CO <sub>2</sub> /YEAR)		
	H <sub>2</sub> Plant	AO Plant	Total	H <sub>2</sub> Plant	AO Plant	Total
1	27,442	6,284	33,726	29,712	6,962	36,674
2	2,057	21,493	23,550	2,300	22,004	24,304
3	226	6,576	6,802	220	6,804	7,024
Total	29,725	34,353	64,078	32,232	35,770	68,002

For Hydrogen Filling	3,990	—	3,990	4,024	—	4,024
For AO Plant	25,735	34,353	<b>60,088</b>	28,208	35,770	<b>63,978</b>

PRODUCTION	FY 12-13	FY 13-14
H <sub>2</sub> O <sub>2</sub> (50%)	79,432 MT	84,233 MT
H <sub>2</sub>	31.39 Million NM <sup>3</sup>	33.19 Million NM <sup>3</sup>
GHG Intensity of H <sub>2</sub> O <sub>2</sub> (50%)	756 Kg/MT	759 Kg/MT

Out of GHG intensity of 759 Kg/MT of H<sub>2</sub>O<sub>2</sub> in 2013-14, 44% of GHG Emission is incurred for Hydrogen production alone. However, benchmarking of GHG intensity for Hydrogen Peroxide is not possible due to non-availability of data of other producers. In case of some of the Hydrogen Peroxide plants, Hydrogen is available as a by-product from Caustic-Chlorine plants. Hence the Company has separated its GHG emissions for Hydrogen and Hydrogen Peroxide production.

### Emission Reductions Target and Abatement Measures

The various Energy Conservation Measures have resulted in reduction of CO<sub>2</sub> Emission as detailed below:-

Sr. No.	Scheme Implemented	CO <sub>2</sub> Emission Reduction (MT)	CO <sub>2</sub> Emission Reduction (Kg/MT)
1	Installation of new Energy efficient Instrument Air compressor with Variable Frequency Drive.	103.20	1.23
2	Trimming of existing CW pump Impeller to meet just required head and thus reduce Power Consumption.	172.55	2.05
3	Replacement of old HT Cooling Water pumps with new energy efficient pumps.	151.36	1.80
4	Replacement of old Instrument Water Cooling pumps Motor with new high efficiency Motor.	8.60	0.10
5	Replacement of old window Air Conditioner units with 3 Star Rating units.	21.93	0.26
6	Replacement of old 2X40W TL fitting with 16 watts LED type light fittings for office area.	11.20	0.13
	<b>TOTAL</b>	<b>468.84</b>	<b>5.57</b>

Mumbai, 29th May, 2014



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

There are currently four companies which manufacture Hydrogen Peroxide in India. National Peroxide Limited continues to be the largest producer of Hydrogen Peroxide in the country. In addition to being well-known in the industry as a pioneer, its product commands a strong brand image. It has been in the forefront in the development of technology for manufacture of Hydrogen Peroxide, as well as new applications development. Due to these efforts, the domestic market has significantly developed over the years.

The total production capacity in the country as on March 31st, 2014 is 2,09,560 MTPA on an annualized basis. The domestic demand is expected to grow by 6% during 2014-15. However, due to limited availability from the domestic producers inspite of higher capacities, there have been significant imports from various countries.

### OPPORTUNITIES AND THREATS

#### ***A Key Raw Material - Natural Gas - an Input for Production of Hydrogen Peroxide***

One of the key inputs in production of Hydrogen Peroxide is Hydrogen gas. This is produced by steam reforming of natural gas.

The total availability of natural gas during 2013-14 in India was 128 mmscmd of which the domestic supplies were 83 mmscmd. 45 mmscmd was met by way of imports of LNG. The imported gas is expected to increase from 35% in 2013-14 to 38% in 2015-16. The demand for natural gas in India is highly price sensitive and at a price of USD 4.2/MMBtu, there is an unmet demand of 122 mmscmd.

The supply of natural gas from Reliance Industries KG Basin has been seriously affected. It fell to 13 mmscmd during 2013-14 as against the expected level of 80 mmscmd.

Currently, India imports 36 mmscmd of LNG through Petronet's LNG terminal at Dahej. Additional quantities are being imported by Shell Total through their LNG terminals at Dahej and by Ratnagiri Gas and Power Pvt. Ltd. (RGPPL) at Dabhol, Maharashtra. Petronet's LNG terminal at Kochi, started its operation in August 2013, but has been operating at below 20% capacity due to low offtake from its customers and lack of pipeline connectivity. In Phase 1, GAIL's pipeline network covering about 44 km. is complete and it caters only to the limited industrial areas of the city of Kochi. There has been little progress with the main part of the pipeline network of more than 900 km. to transport re-gasified LNG to the northern districts of Kerala and the adjoining states of Karnataka and Tamil Nadu.

The LNG terminal on the North West Coast of India at Dabhol is operating at about half its capacity.

A considerable amount of natural gas from LNG is expected to be available from USA due to the availability of Shale Gas. GAIL has signed a contract with Chemere Energy to import 3.5 MTPA per year of LNG from the Sabine Pass Terminal in Louisiana, USA. This gas is expected to be available from 2017 onwards. The gas is linked to Henry-Hub price. This gas could reduce the gas price in the country.

Due to the current gas availability situation, in the medium term the gas prices are expected to remain strong. LNG prices are linked to crude oil prices. Crude oil prices are expected to remain volatile due to the small gap between demand and supply. The volatility in crude oil prices will impact the cost of Natural Gas based on the linkage formula.

Your Company's long term contract for supply of Natural Gas is now fully variable with Japanese Crude Cocktail prices from January 2014 onwards. In the years to come this would provide a stable pricing scenario. The Company is exploring the possibility of purchasing gas from GAIL on long term basis to meet its future requirements.

The Government of India notified Domestic Natural Gas Pricing Guidelines, 2014 on 10th January, 2014 on the recommendations of the Rangarajan Committee Report on "The Production Sharing Contract Mechanism in Petroleum Industry" (December 2012). These guidelines will be applicable for a period of 5 years from 1st April, 2014. The pricing will be based on the average of Weighted average basis of the Henry-Hub price in the US (for North America), the national balancing point of UK (for Europe) and Well head price at the sources of supply in Japan and the netback price of all Indian imports. The indicative price for April to June 2014 quarter is USD 8.34/MMBtu. However, the implementation of the said notification has now been kept in abeyance. If implemented, this will lead to significant increase in the domestic price of natural gas. Increase in the price of domestic natural gas will not have any impact on NPL as it has a long term arrangement with GAIL which is not linked to this formula.

#### ***Pulp and Paper Industry - A Key Customer for Hydrogen Peroxide***

India's annual per capita consumption of paper is among the lowest in the world, around 10 Kg. However, long-term demand would continue to grow steadily with growth in per capita income, population, penetration of education and economic activity. With increasing commoditization and rising competition from imports, domestic paper producers are now focusing towards introducing value-added products and enhancing customer service through their strong distribution network. As the life style preferences change, specialty paper such as tissue paper is expected to see a higher growth rate due to strongly growing FMCG sector and increasing corporate activity.

During the coming years, there will be an expected moderation of supply side pressures with greater absorption of the capacity created during the past few years. The overall demand is expected to grow at around 7% - 8% during 2014-15. No new capacity is expected to be added during 2014-15. As a result, the pricing scenario is expected to improve.

Raw material availability is expected to improve due to import of wood as well as increased farm forestry efforts and lower incremental demand.

Currently, only about 30% of waste paper is being recovered. Low recovery is on account of alternate use of paper in wrapping, packing etc. Lack of source segregation results in waste paper getting contaminated and thus becoming unusable.

## **Emerging Customer for Hydrogen Peroxide – Environmental Applications**

The Indian refineries have been using Hydrogen Peroxide for their effluent treatment and this has been adding to the growth in demand for Hydrogen Peroxide. In the near future, no new refineries are expected to become operational.

## **OUTLOOK**

The outlook for the industry in the near term can only be viewed with cautious optimism due to limited supply from domestic producers. During the year under review, significant imports took place from Thailand, Bangladesh and Pakistan. These countries have a limited demand. As a result, imports from these countries are expected to continue during the coming year.

The subsidized supply of Natural Gas in the neighboring countries such as Pakistan and Bangladesh, has created serious distortions in the cost structure of the industry. This coupled with lower logistics costs, due to their proximity to the customers has made imports feasible particularly in the North and East from Pakistan and Bangladesh, respectively. This will impact the demand and price levels of domestic producers.

It is not certain when the implementation of GST is likely to take place. Maharashtra has now switched over to LBT in place of octroi. As a result, the capital cost and the operating cost of the Company continue to remain affected.

## **RISKS & CONCERNS**

The current level of inflation in the country, lower rate of GDP is a matter of serious concern. Although, Current Account Deficit (CAD) has been brought under control increase in growth is expected to increase the pressure on CAD. India's strong dependence on external and short term debts for financing CAD is a key concern. RBI, in its monetary policy review, expects economic growth in 2014-15 to be 5.5% and CAD to come down to 2% of GDP. It expects the retail inflation to be under 6%.

The customs duty on Hydrogen Peroxide from Thailand has been reduced to zero from January 1, 2014 as per the FTA agreement signed with the said country. There is, therefore, no protection available to the domestic industry. This will impact the domestic prices.

This has led to the problem of inverted duty structure as some of the raw materials are imported by the Company at a higher rate of customs duty.

## **INTERNAL CONTROLS**

The Company has a system of Internal Controls to ensure that all its assets are properly safeguarded and not exposed to risks arising out of unauthorized use or disposal. The Internal Control system is supplemented by a programme of Internal Audits to ensure that the assets are properly accounted for and the business operations are conducted to adhere to laid down policies and procedures.

The Company has an Audit Committee of the Board of Directors which meets regularly to review, *inter alia*, risk management policies, adequacies of internal controls and the audit findings on the various segments of the business.

The Company carried out periodic review of the Risk Management framework during the year, as per the requirements of Clause 49 of the Listing Agreement with BSE Ltd.

## **FINANCIAL PERFORMANCE**

Discussion on financial performance with reference to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis Report.

## **HUMAN RESOURCES**

Peace and harmony between employer and employees prevailed during the year. Relations with the Union continued to be cordial. The Company signed a long term settlement with its recognized Union, Maharashtra Girmi Kamgar Union (MGKU) on 2nd April, 2014. The said settlement will be valid upto 30th September, 2016.

The Company continues to emphasize its in-house technical training of the employees to upgrade their technical skills. Some of the employees were also sent to technical programmes conducted by ICC.

The Company has made considerable progress to get certification for Responsible Care. This is expected to foster improvement in the team work within the Company.

The employee strength on the permanent rolls of the Company was 122, as on 31st March, 2014.

The expansion of the Company's plant from 84,000 MTPA to 95,000 MTPA has provided for many of the employees to enhance their project management and technical skills as these expansions have been carried out internally.

## **RESOURCES AND LIQUIDITY**

The Company did not have any long term borrowings as on 31st March, 2014. The Company has invested ₹ 2,802.11 lacs as on 31st March, 2014. The Company finances working capital requirements by sourcing credit lines placed at its disposal by a consortium of banks led by State Bank of India. The Company's net current assets as on 31st March, 2014 were ₹ 6,963 lacs.

## **CAUTIONARY STATEMENT:**

*Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.*

Mumbai, 29th May, 2014



# National Peroxide Limited

## INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

Name	Designation/ Nature of Duties	Remuneration received (₹)	Qualifications	Experience (Years)	Date of commencement of Employment	Age (Years)	Last Employment held before joining the Company and the period
(A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN ₹ 60,00,000/-.							
Lohokare S. R.	Managing Director	2,29,66,089	B.Tech. (Hons.) (Chemical Engg.); P.G.D.I.M.; M.F.M. (Bombay University)	41	29.04.97	63	Vice-President (Nitrite & SDC), Deepak Nitrite Ltd. (4 Years)
(B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN ₹ 5,00,000/- PER MONTH.							
— NIL —							

- Notes:
- (1) Nature of employment, whether contractual or otherwise:  
The appointment is terminable by six months' notice on either side.
  - (2) Gross remuneration comprises salary, allowances, monetary value of perquisites, the Company's contributions to Provident and Superannuation funds but excludes contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available.
  - (3) Relatives of Directors : The above employee is not a relative of any Director of the Company.

On behalf of the Board of Directors

NESS N. WADIA  
Chairman

Mumbai, 29th May, 2014

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 to the Listing Agreement, a report on Corporate Governance, for the year ended 31st March, 2014, is given below:

### 1. Company's Philosophy on Code of Governance:

Your Company is committed to bring about good corporate governance practices. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, customers, vendors, employees, government and lenders.

### 2. Board of Directors:

#### (a) Composition of the Board:

The Board is headed by Mr. Ness N. Wadia, Non-Executive Chairman and is composed of eminent persons with considerable professional experience in varied fields and comprises a majority of Non-Executive Directors. The composition of the Board of Directors meets the requirement of Clause 49-I(A) of the Listing Agreement, as detailed in the table at item 2(c) below.

#### (b) Board Meetings and AGM:

Four Board Meetings were held during the year under review. The dates on which the meetings were held are : 20th May, 2013; 14th August, 2013; 8th November, 2013 and 7th February, 2014. The AGM was held on 14th August, 2013.

#### (c) Directors' Attendance Record and Directorships held:

Director	Whether Promoter, Executive, Non-Executive, Independent Non-Executive, Nominee	Number of Board Meetings attended	Whether attended last AGM	No. of other Directorships held #		No. of Committee positions held in other Public Companies*	
				Chairman	Member	Chairman	Member
Mr. Ness N. Wadia	Chairman, Non-Executive	4	Yes	—	6	—	2
Mr. K. N. Suntook <sup>(a)</sup>	Independent, Non-Executive	3	Yes	—	—	—	—
Mr. Rajesh Batra	Independent, Non-Executive	4	Yes	1	3	—	1
Mr. D. N. Mehta <sup>(b)</sup>	Non-Executive	4	No	—	—	—	—
Mr. N. P. Ghanekar	Independent, Non-Executive	4	Yes	—	2	—	1
Mr. S. Ragothaman <sup>(c)</sup>	Independent, Non-Executive	—	No	—	9	1	6
Mr. S. R. Lohokare	Executive, Managing Director	4	Yes	—	1	—	—

# Excludes alternate directorship and directorship in foreign companies and private companies which are neither a subsidiary nor a holding Company of a public Company.

\* Excludes committees other than Audit Committee & Stakeholders Relationship Committee and Companies other than public limited companies.

Notes:

(a) Mr. Suntook resigned from the Board of Directors w.e.f. 25th April, 2014.

(b) Mr. Mehta resigned from the Board of Directors w.e.f. 10th March, 2014.

(c) Mr. S. Ragothaman was appointed on the Board of Directors w.e.f. 29th August, 2013.



### 3. Board Committees:

#### (a) Audit Committee:

The Audit Committee comprises of the following Independent, Non-Executive Directors. During the year under review, the Committee met four times, i.e. on 20th May, 2013; 14th August, 2013; 8th November, 2013 and 7th February, 2014. Details of attendance of each member are as follows:

Sr. Nos.	Name	Number of Audit Committee Meetings attended
1	Mr. N. P. Ghanekar (Chairman w.e.f. 14th August, 2013)	4
2	Mr. K. N. Suntook (Resigned w.e.f. 25th April, 2014)	3
3	Mr. Rajesh Batra	4
4	Mr. D. N. Mehta (Resigned w.e.f. 10th March, 2014)	4
5	Mr. S. Ragothaman (Appointed w.e.f. 11th April, 2014)	—

The modified Audit Committee Charter was adopted by the Board on the recommendation of the Audit Committee at the Board Meeting held on 29th May, 2014.

The Audit Committee of the Board of Directors functions with the following main objectives:

- i. To provide direction and to oversee the operation of the audit function.
- ii. To review the internal audit system with special emphasis on its quality and effectiveness.
- iii. To discuss matters related to frauds.
- iv. To oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible.
- v. To recommend to the Board, the appointment, re-appointment, and if required, the replacement or removal of the Statutory Auditor and to fix their audit fees.
- vi. To approve payments to Statutory Auditors for any other services rendered by them.
- vii. To review, with the management, the annual financial statements before submission to the Board for its approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in the Board's report.
  - Changes, if any, in accounting policies & practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report, if any.
- viii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.
- ix. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.
- x. To review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- xi. To review the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
- xii. To discuss with internal auditors any significant audit findings and follow up thereon.

- xiii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xiv. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
- xv. To review the functioning of the Whistleblower Mechanism.
- xvi. To approve the appointment of the Chief Financial Officer before finalisation of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience & background etc. of the candidate; and
- xvii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

**Internal Audit and Control:**

DH Consultants Pvt. Ltd., are the internal auditors of the Company. Their internal audit plan and remuneration are approved by the Audit Committee. The reports and findings of the internal auditor and the internal control system are periodically reviewed by the Audit Committee.

**(b) Nomination & Remuneration Committee:**

In view of the mandatory requirement of the Companies Act, 2013, to constitute a Nomination & Remuneration Committee of Directors, the existing Remuneration Committee of the Company has been renamed as 'Nomination and Remuneration Committee'.

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, as amended from time to time.

The Committee comprises of the following Non-Executive Directors, majority of whom are Independent Directors. During the year under review, the Committee met once on 20th May, 2013. Details of attendance of each member are as follows:

Sr. Nos.	Name	Number of Remuneration Committee Meetings attended
1	Mr. K. N. Suntook – Chairman (Resigned w.e.f. 25th April, 2014)	—
2	Mr. Rajesh Batra	1
3	Mr. N. P. Ghanekar	1
4	Mr. Ness N. Wadia	1

Broad terms of reference of the Committee include approval/recommendation to the Board regarding salary/ perquisites, commission and retirement benefits, finalization of the perquisite package payable to the Company's Managing/Whole-time Director/s.

**Remuneration Policy:**

Payment of remuneration to the Managing Director is governed by the agreement executed between him and the Company. The Board and the shareholders have approved the agreement for re-appointment of the Managing Director for a period of 5 years w.e.f. 1st May, 2013. The remuneration structure comprises salary, incentive allowance, commission linked to profits, perquisites and allowance, contribution to provident fund, superannuation and annuity funds. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission as may be determined by the Board from time to time.

A. Details of remuneration paid to the Managing Director during the year 2013-14 are given below:

(Amount in ₹)

Name	Salary	Benefits *	Commission/ Incentive #	Total
S. R. Lohokare	66,60,000	69,36,129	93,69,960	2,29,66,089

\* Also includes Company's contribution to Provident and Superannuation Funds, amounting to ₹ 27,08,088/-.

# Shown on the basis of year of payment and includes Commission of ₹ 60,00,000/- paid for 2012-13.

Presently the Company does not have a scheme for grant of stock options either to the Executive Director/s or to the employees.



# National Peroxide Limited

- B. Details of payment made to Non-Executive Directors during the year 2013-14 and their shareholding in the Company, as on 31st March, 2014, are given below:

(Amount in ₹)

Directors	Sitting Fees		Commission #	Total	Total no. of shares held
	Board Meetings	Committee Meetings			
Mr. Ness N. Wadia	80,000	20,000	22,00,000	23,00,000	0
Mr. K. N. Suntook *	60,000	70,000	4,52,900	5,82,900	0
Mr. Rajesh Batra	80,000	1,10,000	6,47,100	8,37,100	0
Mr. D. N. Mehta **	80,000	1,10,000	7,11,800	9,01,800	0
Mr. N. P. Ghanekar	80,000	1,20,000	8,41,200	10,41,200	0
Mr. S. Ragothaman	—	—	—	—	0
Total :	3,80,000	4,30,000	48,53,000	56,63,000	0

# Shown on the basis of year of payment.

\* Mr. K. N. Suntook resigned from the Board w.e.f. 25th April, 2014.

\*\* Mr. D. N. Mehta resigned from the Board w.e.f. 10th March, 2014.

During 2013-14, a provision of ₹ 61.45 lacs is made in the books of accounts, for payment of commission to Non-Executive Directors, under Section 309 of the Companies Act, 1956. The individual amounts will be shown in the year of payment.

The distribution of the commission amongst the Non-Executive Directors is determined by the Board and is broadly based on attendance, contribution at the Board Meetings and various Committee Meetings as well as time spent on operational matters other than at the aforesaid meetings.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during 2013-14.

## (c) Stakeholders Relationship Committee:

In terms of Section 178 (5) of the Companies Act, 2013, the Board of Directors of a company which has more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year is required to constitute a Stakeholders Relationship Committee consisting of a chairperson who will be a non-executive director and such other members as may be decided by the Board to consider and resolve the grievances of security holders of the company.

In view of the above requirement to constitute a Stakeholders Relationship Committee of Directors, the Board at its meeting held on 29th May, 2014 renamed the Shareholders'/Investors' Grievance Committee as "Stakeholders Relationship Committee".

Further, in view of the resignation of Mr. D. N. Mehta as Chairman of the Committee, the Committee was reconstituted by appointing Mr. N. P. Ghanekar as Member (and Chairman) of the Committee.

The broad terms of reference of the said Committee are as follows:

- To look into the redressal of grievances such as transfer of security, non-receipt of annual reports, dividends, interest etc. of various stakeholders of the Company viz. shareholders, debenture holders, fixed deposit holders and other security holders.
- To carry out the functions as envisaged under the Code of Conduct for Prevention of Insider Trading adopted by the Company in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

This Committee comprises of the following Directors:

- Mr. D. N. Mehta - Chairman (Resigned w.e.f. 10th March, 2014)
- Mr. N. P. Ghanekar - Chairman (Appointed w.e.f. 29th May, 2014)
- Mr. S. R. Lohokare
- Mr. Rajesh Batra

During the year, the Committee met once on 20th May, 2013.

### Name and designation of Compliance Officer:

Mr. Hanoz Chinoy, Company Secretary

No. of shareholders' complaints received during the year	:	4
No. of complaints not solved to the satisfaction of shareholders	:	Nil
No. of pending complaints	:	Nil



**(d) Finance Committee:**

This Committee comprises of the following Directors:

1. Mr. N. P. Ghanekar - Chairman
2. Mr. K. N. Suntook (Resigned w.e.f. 25th April, 2014)
3. Mr. D. N. Mehta (Resigned w.e.f. 10th March, 2014)
4. Mr. R. Batra (Appointed w.e.f. 11th April, 2014)
5. Mr. S. Ragothaman (Appointed w.e.f. 11th April, 2014)

The Chairman of the Committee, Mr. N. P. Ghanekar, is a Non-Executive Independent Director.

The terms of reference of the Finance Committee cover (a) Liability Management - to meet the funding requirements of the Company; (b) Foreign Exchange Management; and (c) Investment Management - to deploy short-term/long-term surpluses of the Company. The Committee is also authorized to lend/place ICDs with other Companies.

During the year, the Committee met twice on 20th May, 2013 and 8th November, 2013.

Communication was also undertaken by way of e-mails and discussions were held, as and when required, among the Committee members and decisions taken in matters coming within the Committee's purview.

**(e) Executive Committee:**

This Committee comprises of the following Directors:

1. Mr. Ness N. Wadia - Chairman
2. Mr. R. Batra
3. Mr. S. Ragothaman

Broad terms of reference of the Executive Committee include (i) review with the Business Heads of the operating divisions, from time to time, business plans and strategies, (ii) addressing issues related to capital expenditure and (iii) review of performance of the business of the Company.

The Committee was constituted on 11th April, 2014.

**(f) Corporate Social Responsibility (CSR) Committee:**

Pursuant to Section 135 of the Companies Act, 2013 (the Act), the Company constituted a Corporate Social Responsibility (CSR) Committee of the Board vide Circular Resolution dated 16th September, 2013.

The CSR Committee comprises of the following Directors:

1. Mr. Ness N. Wadia - Chairman
2. Mr. D.N. Mehta (Resigned w.e.f. 10th March, 2014)
3. Mr. R. Batra
4. Mr. N. P. Ghanekar (Appointed w.e.f. 29th May, 2014)

The broad terms of reference of the CSR Committee include:

- (i) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- (iii) monitor the CSR Policy of the Company from time to time.

No meeting of the CSR Committee was held during the year under review.

**4. General Body Meetings:**

(a) Location and time, where last 3 years' General Meetings were held:

Date & Time	Location	Special Resolution Passed
14th August, 2013 4.00 p.m.	Sunville Banquet & Conference Rooms, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	Nil
9th August, 2012 4.00 p.m.	Sunville Banquet & Conference Rooms, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	Nil
8th August, 2011 4.00 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001.	Nil



# National Peroxide Limited

- (b) Whether Special Resolutions were passed through postal ballot last year and details of voting pattern : Nil
- (c) Person who conducted the postal ballot exercise : Not Applicable
- (d) Whether any Special Resolution is proposed to be passed through postal ballot this year (2014-15):  
During the current year, if Special Resolutions are proposed to be passed through postal ballot, those will be taken up at the appropriate time.
- (e) Procedure for Postal Ballot:  
The procedure for conducting the postal ballot exercise would be as per Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time.

## 5. Other Disclosures:

### (a) Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

None of the transactions with any of the related parties were in conflict with the interest of the Company at large. The Audit Committee has reviewed these transactions as mandatorily required under Clause 49 of the Listing Agreement.

### (b) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

### (c) Disclosures on Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Assessment and Minimisation Procedure. These procedures are periodically reviewed by the Board to ensure that executive management controls risk through means of a properly defined framework.

### (d) Code of Conduct

The Board of Directors has adopted the Code of Ethics and Business Principles for the Non-Executive Directors as also for the employees including Managing Director and other Members of Senior Management. The said Code has been communicated to all the Directors and Members of the Senior Management. The Code has also been posted on the Company's website [www.naperol.com](http://www.naperol.com).

### (e) Whistle Blower Policy

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has implemented a Whistle Blower Policy, with a view to provide a mechanism for employees and Directors of the Company to approach the Ethics Counsellor or the Chairman of the Audit Committee of the Company to report instances of violations of laws, rules and regulations, unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The vigil mechanism also provides adequate safeguards against victimisation of persons who use such mechanisms and also to ensure direct access to the Ethics Counsellor or the Chairman of the Audit Committee in appropriate or exceptional cases.

### (f) Prevention of Insider Trading Code:

As per the SEBI (Prevention of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at senior management level and other employees who could have access to unpublished price sensitive information of the Company are governed by this code.

- (g) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : None

## 6. CEO/CFO Certification

A certificate from Managing Director and Chief Financial Officer, on the financial statements of the Company was placed before the Board, as required by Clause 49(V) of the Listing Agreement.

## 7. Means of Communication:

- (a) Quarterly Results:  
The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under the Listing Agreement with BSE Limited.
- (b) Newspapers wherein results normally published:  
Business Standard (English) and Mumbai Lakshadweep (Marathi, the regional language).
- (c) Any Website, where displayed:  
[www.naperol.com](http://www.naperol.com) and [www.bseindia.com](http://www.bseindia.com)

- (d) Whether Website also displays official news releases : No  
 (e) Whether presentations made to institutional investors or to the analysts : No  
 (f) Management Discussion & Analysis Report :  
 The Management Discussion & Analysis Report forms part of the Annual Report.

## 8. General Shareholder Information:

### (a) AGM:

Date and Time : 11th August, 2014 at 3.30 p.m.  
 Venue : Sunville Banquet & Conference Rooms,  
 9, Dr. Annie Besant Road, Near Worli Flyover,  
 Worli, Mumbai - 400 018.

**(b) Financial Year:** The financial year is from 1st April to 31st March.

Tentative Schedule:

Results for quarter ending June 30, 2014 : By August 2014  
 Results for quarter ending September 30, 2014 : By November 2014  
 Results for quarter ending December 31, 2014 : By February 2015  
 Results for year ending March 31, 2015 : By May 2015  
 AGM for year ending March 31, 2015 : By August 2015

**(c) Date of Book Closure** : 30th July, 2014 to 11th August, 2014 (both days inclusive)

**(d) Dividend Payment Date** : On or after 12th August, 2014

**(e) Listing on Stock Exchange** : The Company's shares are listed on BSE Ltd. The Company has paid the applicable listing fees to BSE Ltd., upto date.

### (f) Stock Code:

Demat form : 500298  
 Demat ISIN Number for NSDL & CDSL : INE585A01020  
 Scrip ID\* : NATPEROX

\*(on the BSE website – www.bseindia.com)

### (g) Stock Market Data (for face value of ₹ 10/- per share):

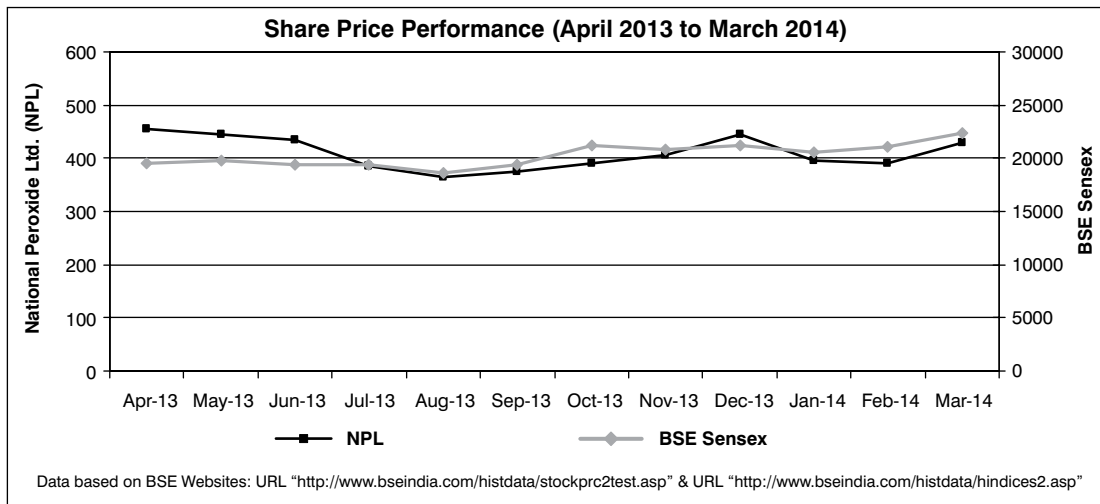
Month	High (₹)	Low (₹)	No. of Shares	No. of Trades	Net Turnover (₹)
April 2013	472.00	420.00	16,066	983	71,16,184
May 2013	498.75	443.00	27,460	1,594	1,28,42,238
June 2013	453.95	416.00	21,572	2,413	93,55,503
July 2013	463.95	375.05	19,450	3,422	83,08,307
August 2013	396.00	351.00	29,726	4,675	1,10,88,845
September 2013	398.85	350.00	19,881	3,015	73,33,623
October 2013	406.95	363.75	21,091	3,316	81,21,988
November 2013	430.95	376.50	34,800	3,910	1,41,03,113
December 2013	460.00	383.50	35,993	4,297	1,48,61,029
January 2014	498.95	395.00	75,207	8,362	3,42,49,812
February 2014	428.00	380.05	35,369	4,414	1,42,05,375
March 2014	442.00	380.00	38,973	3,931	1,55,11,145

Data based on BSE website : URL "http://www.bseindia.com/histdata/stockprc2.asp"



# National Peroxide Limited

## (h) Stock Performance:



### (i) Registrar and Transfer Agents:

Sharex Dynamic (India) Pvt. Ltd.,  
Unit No. 1, Luthra Industrial Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri (E), Mumbai - 400 072.  
Tel: 022-2851 5644 / 2851 5606

### (j) Share Transfer System:

Share transfers in physical form are processed within the prescribed period of 15 days from the date of receipt, in case documents are complete in all respects.

### (k) (i) Distribution of Shareholding as on 31st March, 2014:

Group of shares			No. of shareholders	No. of shares held	% to total shares
1	to	50	3,635	97,277	1.69
51	to	100	1,222	1,07,326	1.87
101	to	250	2,946	4,39,557	7.65
251	to	500	463	1,82,336	3.17
501	to	1000	234	1,77,344	3.09
1001	to	5000	168	3,33,841	5.81
5001	to	10000	17	1,22,427	2.13
10001	and	above	17	42,86,892	74.59
Total:			8,702	57,47,000	100.00

### (ii) Category of Shareholders as on 31st March, 2014:

Category	No. of shares held	% to total shares
Indian Promoters	25,28,765	44.00
Foreign Promoters	14,99,250	26.09
Banks	825	0.01
Mutual Funds	NIL	NIL
Private Corporate Bodies	2,58,672	4.50
Indian Public	14,28,771	24.86
NRI/OCB	24,453	0.43
Clearing Members	6,264	0.11
Total:	57,47,000	100.00

**(l) Dematerialisation of Shares and Liquidity:**

97.38% of the outstanding Equity Shares have been dematerialised upto 31st March, 2014. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th May, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI). The trading/liquidity details are given at item 8(g) above.

**(m) Share Capital Audit:**

As stipulated by SEBI, a qualified practising Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and shares held in physical form as per the register of members vis-à-vis the total issued and listed capital. This audit is carried out every quarter and the report is submitted to BSE Ltd. and is also placed before the Board of Directors.

**(n) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity:**

None

**(o)** In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the year ended 31st March, 2014, a sum of ₹ 2,45,100/- to the Investor Education and Protection Fund (IEPF).

**(p) Plant Location** : N.R.C. Road, P. O. Atali, Via Mohone,  
Kalyan - 421 102, District Thane, Maharashtra.

**(q) Address for Correspondence:**

For Shares held in Physical Form : Sharex Dynamic (India) Pvt. Ltd. at the address given at item 8(i) above.  
For Shares held in Demat Form : To the Depository Participant.  
For any query on Annual Report/  
Dividend/Investors' Assistance : The Company Secretary,  
National Peroxide Ltd.,  
Neville House, J. N. Heredia Road,  
Ballard Estate, Mumbai - 400 001.  
Ph: 022-2261 8071; Fax: 022-2266 5966.

**(r)** As required in terms of Clause 47(f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is [secretarial@naperol.com](mailto:secretarial@naperol.com).

**9. Non-Mandatory Requirements:**

**(a) Office of the Chairman of the Board:**

The Company partly defrays the expenses of the Chairman's Office.

**(b) Shareholder Rights:**

The Company's half-yearly results are furnished to the Stock Exchange and also published in the newspapers and therefore not sent to the shareholders.

Adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

Mumbai, 29th May, 2014

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**DECLARATION**

As provided under Clause 49 of the Listing Agreement with BSE Limited, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2014.

For NATIONAL PEROXIDE LIMITED

S. R. LOHOKARE  
Managing Director

Mumbai, 29th May, 2014



# National Peroxide Limited

## CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

We have examined the compliance of conditions of Corporate Governance by **NATIONAL PEROXIDE LIMITED**, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For NILESH SHAH & ASSOCIATES  
*Company Secretaries*

Nilesh Shah  
*Partner (FCS - 4554)*  
C.P. No.: 2631

*Mumbai, 29th May, 2014*

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **NATIONAL PEROXIDE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For S. B. BILLIMORIA & CO.  
Chartered Accountants  
(Firm's Registration No. 101496W)

Z. F. Billimoria  
Partner  
Membership No. 42791

Mumbai, 29th May, 2014



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results/transactions etc., during the year, matters specified in clauses (vi) regarding acceptance of any deposits from the public, (x) regarding accumulated losses and cash losses, (xi) regarding default in repayment of dues to banks, financial institutions and debenture holders, (xii) regarding granting of loans and advances on the basis of securities, (xiii) regarding chit fund, nidhi/mutual benefit fund/ societies, (xiv) regarding dealing or trading in securities, debentures and other investments, (xv) regarding guarantee given by the Company, (xvi) regarding application of the term loans, (xviii) regarding preferential allotment of shares, (xix) regarding creation of security for debentures issued and (xx) regarding end use of money raised by public issues, of paragraph 4 of "the Order" are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situations in most cases of such assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies between the physical stocks and book records were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.



## Annual Report 2013-2014

(c) Details of dues of Income-tax which has not been deposited as on 31st March, 2014 on account of dispute is given below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where Dispute is Pending</b>	<b>Period to which the Amount Relates</b>	<b>Amount Involved (₹ In Lakhs)</b>
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12	4.70

- (x) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S. B. BILLIMORIA & CO.  
*Chartered Accountants*  
(Firm's Registration No. 101496W)

Z. F. Billimoria  
*Partner*  
Membership No. 42791

Mumbai, 29th May, 2014



# National Peroxide Limited

## BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	₹ in Lakhs	₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
(A) EQUITY AND LIABILITIES:				
SHAREHOLDERS' FUNDS				
(a) Share Capital .....	2	574.70		574.70
(b) Reserves and Surplus .....	3	20,083.71		17,230.44
			20,658.41	17,805.14
NON-CURRENT LIABILITIES				
(a) Deferred Tax Liabilities (Net) .....	4	1,754.72		1,706.69
(b) Long-Term Provisions .....	5	45.66		55.01
			1,800.38	1,761.70
CURRENT LIABILITIES				
(a) Short-Term Borrowings .....	6	403.79		102.65
(b) Trade Payables .....	7	2,252.49		2,548.33
(c) Other Current Liabilities .....	8	574.20		290.15
(d) Short-Term Provisions .....	9	1,265.17		1,122.57
			4,495.65	4,063.70
<b>TOTAL</b>			<u><u>26,954.44</u></u>	<u><u>23,630.54</u></u>
(B) ASSETS:				
NON-CURRENT ASSETS				
(a) Fixed Assets				
(i) Tangible Assets .....	10	11,662.71		11,041.76
(ii) Capital Work-in-progress .....		4,091.80		314.57
(b) Non-current Investments .....	11	127.33		127.33
(c) Long-Term Loans and Advances .....	12	1,412.93		840.44
			17,294.77	12,324.10
CURRENT ASSETS				
(a) Current Investments .....	13	902.11		5,733.54
(b) Inventories .....	14	2,398.91		818.83
(c) Trade Receivables .....	15	3,250.51		3,166.78
(d) Cash and Bank Balances .....	16	134.27		120.29
(e) Short-Term Loans and Advances .....	17	2,956.38		1,453.39
(f) Other Current Assets .....	18	17.49		13.61
			9,659.67	11,306.44
<b>TOTAL</b>			<u><u>26,954.44</u></u>	<u><u>23,630.54</u></u>

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

} Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note No.	₹ in Lakhs	₹ in Lakhs	2012-2013 ₹ in Lakhs
I. REVENUE FROM OPERATIONS .....	20		23,451.54	21,224.11
II. OTHER INCOME .....	21		611.17	507.35
III. TOTAL REVENUE .....			24,062.71	21,731.46
IV. EXPENSES:				
Cost of Raw Material Consumed .....	22		7,496.42	5,136.85
Purchase of Stock-in-Trade .....			240.12	—
Changes in inventories of finished goods .....	23		(1,208.93)	185.27
Employee benefits expenses .....	24		1,683.06	1,394.87
Finance cost .....	25		21.65	34.72
Depreciation and amortisation expenses .....	10		973.44	1,100.23
Other expenses .....	26		9,138.65	7,835.52
TOTAL EXPENSES .....			18,344.41	15,687.46
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)..			5,718.30	6,044.00
Exceptional Item .....	27		119.56	—
VI. PROFIT BEFORE TAX .....			5,837.86	6,044.00
VII. TAX EXPENSE:				
— Current Tax .....		1,928.00		1,932.00
— Deferred Tax .....	4	48.03		131.34
			1,976.03	2,063.34
VIII. PROFIT FOR THE YEAR (V - VI) .....			3,861.83	3,980.66
IX. Earnings per equity share - Basic and Diluted (₹) .....	30		67.20	69.26
(Face Value ₹ 10)				

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014



# National Peroxide Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax.....	5,837.86	6,044.00
<b>Adjustments for:</b>		
Depreciation .....	973.44	1,100.23
Interest expense.....	21.65	34.72
Interest income.....	(490.24)	(343.61)
Dividend income.....	(118.42)	(157.09)
Provision for Employee Benefits.....	(9.84)	18.96
Loss on sale of Fixed Assets.....	24.50	0.39
Profit on Sale of Investments.....	(0.34)	(0.34)
<b>Operating Profit before Working Capital Changes.....</b>	<b>6,238.61</b>	<b>6,697.26</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Trade Receivables.....	(83.73)	(730.44)
Long-term Loans and Advances.....	(51.98)	(358.63)
Short-term Loans and Advances.....	397.01	(308.15)
Term deposits pledged with banks.....	(8.80)	(12.61)
Dividend Account balance with banks.....	(5.12)	(4.11)
Inventories.....	(1,580.08)	277.44
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade Payables.....	(295.84)	540.44
Other Current Liabilities.....	(5.08)	82.57
<b>Cash generated from operations.....</b>	<b>4,604.99</b>	<b>6,183.77</b>
Less: Taxes paid.....	(1,829.49)	(2,056.36)
<b>Net Cash from Operating Activities (A).....</b>	<b>2,775.50</b>	<b>4,127.41</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital work in progress).....	(5,644.26)	(417.51)
Sale of Fixed Assets.....	56.22	0.85
Interest received.....	486.36	345.97
Dividend received.....	118.42	157.09
Inter Corporate Deposits placed.....	(4,500.00)	(4,000.00)
Inter Corporate Deposits refunded.....	2,600.00	4,500.00
Purchase of Investments in Mutual Fund.....	(8,540.96)	(15,450.96)
Sale of Investments in Mutual Fund.....	13,372.73	11,988.43
<b>Net Cash used in Investing Activities (B).....</b>	<b>(2,051.49)</b>	<b>(2,876.13)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Cash Credit.....	301.14	(423.78)
Interest paid.....	(21.65)	(34.72)
Dividend and Tax on Dividend paid.....	(1,003.44)	(791.20)
<b>Net Cash used in Financing Activities (C).....</b>	<b>(723.95)</b>	<b>(1,249.70)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C).....</b>	<b>0.06</b>	<b>1.58</b>
Cash and Cash Equivalents - Opening balance.....	2.68	1.10
Cash and Cash Equivalents - Closing balance.....	2.74	2.68
Cash and Bank Balances - Closing balance (As per Note No. 16).....	134.27	120.29
Less: Deposits with Banks (Pledged as Margin Money).....	97.73	88.93
Less: Unclaimed Dividends.....	33.80	28.68
Cash and Cash Equivalents - Closing balance.....	2.74	2.68
See Significant Accounting Policies and accompanying Notes to the Financial Statements		

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINYOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014

## NOTES TO THE FINANCIAL STATEMENTS

### Corporate Information

National Peroxide Limited (NPL) is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai. NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 84,000 MTPA on 50% w/w. basis.

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of Accounting and Preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### (c) Fixed assets and depreciation:

- Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates. Accordingly, certain electronic items are depreciated at 33.33%. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

#### (d) Impairment of fixed assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

#### (e) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carried forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

#### (f) Investments:

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost and market value. Long-term investments are carried at cost of acquisitions, net of diminution in value, if any, which is other than temporary.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(g) **Inventories:**

Inventories are valued at the lower of the cost and the net realisable value.

In the case of raw materials, packing materials and stores and spare parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non-refundable taxes and delivery and handling costs. Cost of finished goods is determined using the absorption costing principles.

Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

(h) **Revenue Recognition:**

Sales include products net off trade discounts and exclude sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all risks and rewards connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Revenue from dividend on securities is recognised when the right to receive such dividend is established. Interest on securities is recognised evenly over the period of the instrument.

(i) **Financial Income and Borrowing Cost:**

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Interest income is accrued evenly over the period of the instrument.

Borrowing cost are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

(j) **Foreign Currency Transactions:**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Statement of Profit and Loss.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealised translation differences are included in the Statement of Profit and Loss.

(k) **Employee Benefits:**

a. **Short-term Employee Benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

b. **Long-term Employee Benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

(i) **Defined-contribution plans**

Annual contribution payable to the Provident Fund and Superannuation Fund (based on the percentage of salary) are charged as an expense as they fall due, that is, in the same period as the employment gives rise to the contribution. Company also contributes to an established Provident Fund for certain employees where it is obliged to meet the interest shortfall, if any.

(ii) **Defined-benefit plans**

For defined-benefit plans in the form of gratuity fund and pension, the cost of providing benefits are determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

c. **Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

of such accrued benefit or where the avilment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**(l) Provisions and Contingencies:**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.

**(m) Operating Lease:**

Lease arrangements where risks and rewards incidental to ownership of an assets substantially vest with lessor are recognised as operating leases. Lease rentals under the operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

**(n) Earnings per share:**

Basic earnings per share is calculated by dividing the net profit/(loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(o) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(p) Operating Cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>2. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
25,000,000 (Previous Year – 25,000,000) Equity Shares of ₹ 10 each..	<u>2,500.00</u>	<u>2,500.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
5,747,000 (Previous Year – 5,747,000) Equity Shares of ₹ 10 each.....	<u>574.70</u>	<u>574.70</u>

**Rights, Preference and Restrictions attached to Equity Shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.

The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

In last 5 years, no classes of shares has been issued either by payment being received in cash or brought back nor bonus issues made by the Company.



# National Peroxide Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Following are the names of the shareholders with numbers of Equity Shares holding more than 5 percent of the total Equity Shares:

### Name of the Equity Shareholders

	Numbers of shares 31.03.2014	Numbers of shares 31.03.2013
Macrofil Investments Limited .....	1,884,065	1,884,065
Percentage .....	32.78	32.78
Solvay S A.....	1,442,500	1,442,500
Percentage.....	25.10	25.10
	As at 31.03.2014	As at 31.03.2013
	₹ in Lakhs	₹ in Lakhs

### 3. RESERVES AND SURPLUS

#### GENERAL RESERVE

Balance as per last balance sheet.....	2,897.50	2,498.50
Add:- Transfer from Surplus in Statement of Profit and Loss.....	387.00	399.00
	<u>3,284.50</u>	<u>2,897.50</u>

#### SURPLUS IN STATEMENT OF PROFIT AND LOSS

Opening Balance.....	14,332.94	11,753.63
Add: Profit for the year .....	3,861.83	3,980.66
Amount available for appropriation .....	18,194.77	15,734.29
Less: Proposed Dividend (See Note (i) below).....	862.05	862.05
Less: Tax on Dividend .....	146.51	146.51
Less: Additional Tax on Dividend Credit taken (See Note (ii) below) ...	—	(6.21)
Less: Transfer to General Reserve.....	387.00	399.00
	<u>16,799.21</u>	<u>14,332.94</u>
	<u>20,083.71</u>	<u>17,230.44</u>

- (i) The Board of Directors at its meeting held on 29th May, 2014 has recommended a dividend of ₹ 15 (Previous year ₹ 15) per equity share.
- (ii) Additional Tax on dividend credit taken, ₹ Nil Lakhs (Previous Year ₹ 6.21 Lakhs), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O) (1A) of the Income Tax Act, 1961.

### 4. DEFERRED TAXES

#### DEFERRED TAX LIABILITY:

Depreciation on fixed assets .....	1,823.98	1,764.14
Total .....	<u>1,823.98</u>	<u>1,764.14</u>

#### DEFERRED TAX ASSET:

Provision for Compensated Absences .....	(48.32)	(35.32)
Other Provisions .....	(20.94)	(22.13)
Total .....	<u>(69.26)</u>	<u>(57.45)</u>

#### NET DEFERRED TAX LIABILITY

	<u>1,754.72</u>	<u>1,706.69</u>
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The Company has recognised in the Statement of Profit and Loss, the net provision of deferred tax liability of ₹ 48.03 Lakhs (Previous year – ₹ 131.34 Lakhs).



**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>5. LONG-TERM PROVISIONS</b>		
Provision for employee benefits .....	45.66	55.01
	<u>45.66</u>	<u>55.01</u>
<b>6. SHORT-TERM BORROWINGS</b>		
<b>SECURED BORROWINGS</b>		
Loans Repayable on Demand:		
Cash Credits .....	403.79	102.65
(Secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.)		
	<u>403.79</u>	<u>102.65</u>
<b>7. TRADE PAYABLES</b>		
Payable for goods purchased .....	963.10	868.99
Payable to Employees .....	59.82	60.97
Payable for other expenses [includes ₹ 0.06 Lakhs (Previous year ₹ 0.06 lakhs)] due to Micro and Small Enterprises defined under Micro, Small and Medium Enterprises Development Act, 2006 .....	1,229.57	1,618.37
	<u>2,252.49</u>	<u>2,548.33</u>
<b>Footnote:</b>		
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.		
<b>8. OTHER CURRENT LIABILITIES</b>		
Advances received from Customers .....	36.51	30.38
Deposits received from Customers .....	9.70	37.24
Statutory and Other dues .....	55.39	39.06
Payable in respect of Capital Goods (other than to Micro and Small Enterprises defined under Micro, Small and Medium Enterprises Development Act, 2006) .....	395.30	66.71
Payable to Gratuity Fund (Refer to Note No. 28) .....	43.50	88.08
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends .....	33.80	28.68
	<u>574.20</u>	<u>290.15</u>
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits .....	158.10	114.01
Proposed Dividend:		
Proposed Dividend (Refer to Note No. 3 (i)) .....	862.05	862.05
Tax on Dividend .....	146.51	146.51
Provision for Income Tax [Net of Advance Tax of ₹ 1,829.49 Lakhs (Previous Year - ₹ Nil Lakhs)] .....	98.51	—
	<u>1,265.17</u>	<u>1,122.57</u>
<b>Footnote:</b>		
Amount remitted during the year in Foreign Currency on account of dividend	31.03.2014	31.03.2013
1. Number of Shareholders .....	2	1
2. Number of Shares held .....	1,494,000	1,442,500
3. Amount remitted (in ₹ Lakhs) .....	224.10	173.10
4. Year to which dividend relates .....	2012-13	2011-12



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 10. FIXED ASSETS

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1-04-2013	Additions during the year	Deductions during the year	Closing as at 31-03-2014	Up to 31-03-2013	For the year	Deductions during the year	Up to 31-03-2014	As at 31-03-2014	As at 31-03-2013
<b>TANGIBLE ASSETS:</b>										
Land : Freehold.....	5.89	—	—	5.89	—	—	—	—	5.89	5.89
Previous Year .....	(5.89)	—	—	(5.89)	—	—	—	—	(5.89)	—
Buildings .....	590.06	—	—	590.06	301.97	18.47	—	320.44	269.62	288.09
Previous Year .....	(590.06)	—	—	(590.06)	(283.35)	(18.62)	—	(301.97)	(288.09)	—
Plant & Machinery.....	22,318.83	1,665.04	392.84	23,591.03	11,596.48	949.59	312.12	12,233.95	11,357.08	10,722.35
Previous Year .....	(21,962.94)	(356.88)	(0.99)	(22,318.83)	(10,520.22)	(1,077.03)	(0.77)	(11,596.48)	(10,722.35)	—
Furniture & Fixtures.....	74.38	4.76	—	79.14	63.72	1.36	—	65.08	14.06	10.66
Previous Year .....	(75.51)	(0.87)	(2.00)	(74.38)	(63.15)	(1.56)	(0.99)	(63.72)	(10.66)	—
Office Equipment .....	59.52	5.31	—	64.83	44.75	4.02	—	48.77	16.06	14.77
Previous Year .....	(56.00)	(3.52)	—	(59.52)	(41.73)	(3.02)	—	(44.75)	(14.77)	—
<b>TOTAL .....</b>	<b>23,048.68</b>	<b>1,675.11</b>	<b>392.84</b>	<b>24,330.95</b>	<b>12,006.92</b>	<b>973.44</b>	<b>312.12</b>	<b>12,668.24</b>	<b>11,662.71</b>	<b>11,041.76</b>
<i>Total Previous Year .....</i>	<i>(22,690.40)</i>	<i>(361.27)</i>	<i>(2.99)</i>	<i>(23,048.68)</i>	<i>(10,908.45)</i>	<i>(1,100.23)</i>	<i>(1.76)</i>	<i>(12,006.92)</i>	<i>(11,041.76)</i>	<i>—</i>

₹ in Lakhs                      As at 31.03.2014  
₹ in Lakhs                      As at 31.03.2013  
₹ in Lakhs                      ₹ in Lakhs

### 11. NON CURRENT INVESTMENTS

#### INVESTMENT IN EQUITY INSTRUMENTS (LONG TERM):

##### TRADE INVESTMENTS (QUOTED) AT COST:

1,489,700 (Previous year: 1,489,700 ) Equity Shares of ₹ 2 each fully paid up in The Bombay Dyeing & Manufacturing Company Limited... 78.03 78.03

1,252,200 (Previous year: 1,252,200) Equity Shares of ₹ 2 each fully paid up in The Bombay Burmah Trading Corporation Limited..... 23.73 23.73

101.76 101.76

##### TRADE INVESTMENTS IN THE SUBSIDIARY COMPANY (UNQUOTED) AT COST:

25,500 (Previous year: 25,500) Equity Shares of ₹ 100 each fully paid up in Naperol Investments Limited ..... 25.50 25.50

##### NON-TRADE INVESTMENTS (QUOTED) AT COST:

600 (Previous year: 600) Equity Shares of ₹ 2 each fully paid up in Housing Development Finance Corporation Limited ..... 0.02 0.02

2,500 (Previous year: 2,500) Shares of ₹ 2 each fully paid up in HDFC Bank Limited..... 0.05 0.05

0.07 0.07

127.33 127.33

#### AGGREGATE AMOUNT OF QUOTED INVESTMENTS:

Cost ..... 101.83 101.83

Market Value ..... 2,064.34 2,738.40

#### AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS:

Cost ..... 25.50 25.50

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Capital Advances.....	903.03	382.52
Sundry Deposits .....	239.50	187.52
Advance Payment of Taxes (Net of provision ₹ 7,752.40 Lakhs [Previous Year - ₹ 7,752.40 Lakhs]) .....	270.40	270.40
	<u>1,412.93</u>	<u>840.44</u>
<b>13. CURRENT INVESTMENTS</b>		
INVESTMENT IN MUTUAL FUND:		
UNQUOTED (AT COST OR MARKET VALUE WHICHEVER IS LOWER):		
SBI Premier Liquid Fund – Regular Plan – Daily Dividend 29,985.822 (Previous Year: 162,097.07) Units of ₹ 1,000 each .....	300.83	1,626.24
JM Money Manager Fund – Super Plan – Daily Dividend (169) Nil (Previous Year: 2,166,693.53) Units of ₹ 10 each .....	—	217.32
JM Money Manager Fund – Regular Plan – Daily Dividend (167) Nil (Previous Year: 568,938.85) Units of ₹ 10 each .....	—	57.13
JM Money Manager Fund – Super Plus Plan – Daily Dividend (171) 3,002,921.512 (Previous Year: 17,604,032.86) Units of ₹ 10 each .....	300.81	1,762.83
Birla Sunlife Floating Rate Fund – STP – Daily Dividend – Regular Plan – Reinvestment Nil (Previous Year: 53,555.91) Units of ₹ 10 each .....	—	53.60
Birla Sunlife Cash Plus – Daily Dividend – Reinvestment 299,882.218 (Previous Year: 2,011,433.51) Units of ₹ 100 each .....	300.47	2,016.42
	<u>902.11</u>	<u>5,733.54</u>
Aggregate Net Asset Value of units in Mutual Funds.....	902.11	5,733.54
<b>14. INVENTORIES</b>		
(At lower of Cost and Net Realisable Value)		
Raw Materials (including Goods-in-transit Rs. 37.56 Lakhs (Previous Year - Rs.35.51 Lakhs)) .....	503.78	209.22
Finished Goods .....	1,349.08	140.15
Stores, Spare Parts and Packing materials.....	546.05	469.46
	<u>2,398.91</u>	<u>818.83</u>



# National Peroxide Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>15. TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they were due for payment.....	—	—
Others .....	3,250.51	3,166.78
	<u>3,250.51</u>	<u>3,166.78</u>
<b>16. CASH AND BANK BALANCES</b>		
CASH AND CASH EQUIVALENTS:		
Cash on hand.....	1.67	1.64
Balances With Banks:		
In Current Account .....	1.07	1.04
	<u>2.74</u>	<u>2.68</u>
OTHER BANK BALANCES:		
In Deposit Account having maturity less than 3 months .....	16.12	7.32
(Pledged as Margin Money)		
In Deposit Account having maturity less than 12 months but more than 3 months .....	81.61	81.61
(Pledged as Margin Money)		
In Unpaid Dividend Account .....	33.80	28.68
	<u>131.53</u>	<u>117.61</u>
	<u>134.27</u>	<u>120.29</u>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Intercompany Deposits.....	1,900.00	—
Advance to Employees.....	0.27	0.23
Sundry Deposits .....	15.03	60.48
Balances with Excise, Customs, Sales tax etc.....	1,003.05	510.11
Prepaid Expenses .....	12.86	10.64
Advance for Purchase of Materials.....	18.37	123.29
Advance for Expenses .....	6.80	748.64
	<u>2,956.38</u>	<u>1,453.39</u>
<b>18. OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on fixed deposits with banks .....	1.09	0.25
Interest Accrued but not due on sundry deposits.....	16.40	13.36
	<u>17.49</u>	<u>13.61</u>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>19. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
Contingent Liability:		
In respect of matters which are contested by the Company		
(a) Central Excise demands .....	—	11.50
(b) Income Tax demand.....	28.48	—
The Company is not estimating any cash outflow relating to above matters		
Commitments:		
(a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for .....	2,147.14	2,343.92
(b) Other Commitment		
The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. However the shortfall can also be adjusted against the next year's consumption. GAIL has the discretion to waive off the said Take or Pay charges. Till date GAIL has not levied such charges and the Company also does not foresee any liability on this account in the near future		
(c) Refer to Note No. 34 regarding lease commitment		
	₹ in Lakhs	2013-2014 ₹ in Lakhs
		2012-2013 ₹ in Lakhs
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of Products:		
Hydrogen Peroxide .....	24,380.76	22,398.99
Sodium Perborate .....	376.02	314.73
Hydrogen Gas.....	1,078.28	1,001.99
Gross Total	25,835.06	23,715.71
Less: Excise duty.....	2,648.64	2,514.29
Total	23,186.42	21,201.42
Sale of Stock-in-Trade (Hydrogen Peroxide)	240.12	—
Other Operating Revenue:		
Sale of Scrap.....	16.50	15.39
Discount received.....	8.50	7.30
	<u>23,451.54</u>	<u>21,224.11</u>



# National Peroxide Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	2013-2014 ₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>21. OTHER INCOME</b>			
Interest income from Banks on Fixed Deposits.....		31.84	7.17
Interest income from Intercorporate Deposits.....		442.00	322.86
Other Interest income .....		16.40	13.58
Dividends (Long Term)			
On Trade Investments .....	52.46		32.60
From Subsidiary Company .....	—		38.25
Dividends (Current)			
On Other Investments .....	65.96		86.24
		<u>118.42</u>	<u>157.09</u>
Profit on Sale of Investments .....		0.34	0.34
Foreign Exchange Fluctuation (Net).....		2.01	2.91
Insurance Claims .....		0.16	3.40
		<u>611.17</u>	<u>507.35</u>
<b>22. COST OF RAW MATERIAL CONSUMED</b>			
Opening Stock.....		209.22	333.05
Add: Purchases.....		7,790.98	5,013.02
		<u>8,000.20</u>	<u>5,346.07</u>
Less: Closing Stock.....		503.78	209.22
Cost of material consumed .....		<u>7,496.42</u>	<u>5,136.85</u>
Material consumed comprises of:			
Natural Gas .....		5,496.07	3,644.54
Solvents and Chemicals.....		867.57	856.50
Others .....		1,132.78	635.81
		<u>7,496.42</u>	<u>5,136.85</u>
<b>23. CHANGES IN INVENTORY OF FINISHED GOODS</b>			
Opening balance			
Hydrogen Peroxide .....	126.83		322.05
Sodium Perborate .....	13.32		3.37
		<u>140.15</u>	<u>325.42</u>
Closing balance			
Hydrogen Peroxide .....	1,343.75		126.83
Sodium Perborate .....	5.33		13.32
		<u>1,349.08</u>	<u>140.15</u>
Net (Increase)/Decrease in Finished Goods.....		<u>(1,208.93)</u>	<u>185.27</u>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	₹ in Lakhs	2013-2014 ₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>24. EMPLOYEE BENEFITS EXPENSES</b>			
Salaries, Wages and Other Benefits .....		1,310.95	1,027.29
Contributions to Provident and Other Funds (Refer to Note No. 28) .....		158.52	189.26
Workmen and Staff Welfare Expenses .....		213.59	178.32
		<u>1,683.06</u>	<u>1,394.87</u>
<b>25. FINANCE COSTS</b>			
Interest on Borrowings.....		0.21	3.46
Other Interest.....		7.00	—
Discounting Charges.....		14.44	31.26
		<u>21.65</u>	<u>34.72</u>
<b>26. OTHER EXPENSES</b>			
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:			
Excise Duty (Change in Closing Stock).....	163.68		(23.10)
Insurance.....	40.14		43.25
Rent .....	34.48		17.63
Rates and Taxes.....	36.51		32.72
Commission and Discount.....	29.49		37.59
Packing and Containers.....	1,704.91		1,926.53
Power, Fuel and Water.....	3,397.72		3,108.84
Stores and Spare Parts Consumed.....	355.61		462.95
Repairs and Maintenance - Buildings.....	2.81		2.46
Repairs and Maintenance - Machinery.....	500.15		459.14
Freight Outward .....	1,927.44		1,155.36
Sundry Expenses.....	718.14		535.21
		8,911.08	7,758.58
AUDITORS' REMUNERATION			
(i) Audit Fees .....	7.00		7.00
(ii) Other Matters.....	3.75		3.75
		10.75	10.75
Donation		130.00	—
Loss on Sale of Fixed Assets .....		24.50	0.39
Commission to Non Executive Directors.....	61.45		63.23
Less: Reversal of previous year excess commission.....	(8.23)		(8.22)
		53.22	55.01
Directors' Sitting Fees .....		9.10	10.80
		<u>9,138.65</u>	<u>7,835.52</u>
<b>27. EXCEPTIONAL ITEM</b>			
Refund received as per the order of the Consumer Grievance Redressal Forum, which was charged by Maharashtra State Electricity Distribution Co. Ltd. during the period April 2010 to March 2013 towards Voltage Surcharge .....		119.56	—
		<u>119.56</u>	<u>—</u>



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2013-2014 (₹ in Lakhs)	2012-2013 (₹ in Lakhs)
<b>28. EMPLOYEE BENEFITS OBLIGATIONS</b>		
<b>(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes</b>		
(i) Provident Fund .....	69.88	59.72
(ii) Superannuation Fund .....	45.14	38.75
<b>(b) Details of the funded gratuity plan are as follows:</b>		
<b>The amounts recognised in the Balance Sheet are as follows:</b>		
(i) Present value of funded obligations .....	653.16	592.46
(ii) Fair value of plan assets .....	(609.66)	(504.38)
<b>Amounts in the Balance Sheet:</b>		
Liabilities (Refer to Note 8) .....	43.50	88.08
<b>The amounts recognised in the Statement of Profit and Loss are as follows:</b>		
(i) Current service cost .....	25.17	20.75
(ii) Interest on obligation .....	43.18	33.88
(iii) Expected return on plan assets.....	(38.44)	(38.82)
(iv) Net actuarial losses/(gains) recognised in year .....	13.59	67.27
(v) Past service cost.....	—	—
(vi) Expenses recognised in the Consolidated Statement of Profit and Loss (Refer to Note 24).....	43.50	88.08
<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
(i) Opening defined benefit obligation .....	592.46	487.04
(ii) Service cost .....	25.17	20.75
(iii) Interest cost .....	43.18	38.88
(iv) Actuarial losses/(gains) .....	25.27	77.67
(v) Past service cost.....	—	—
(vi) Benefits paid.....	(32.92)	(31.90)
(vii) Closing defined benefit obligation .....	653.16	592.44
<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:</b>		
(i) Opening fair value of plan assets.....	504.38	455.72
(ii) Expected return .....	38.44	36.13
(iii) Actuarial losses/(gains) .....	8.98	10.40
(iv) Contribution by employer .....	90.78	34.03
(v) Benefits paid.....	(32.92)	(31.90)
(vi) Closing fair value of plan assets .....	609.66	504.38



**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	2013-2014	2012-2013
<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>		
Category of Assets:		
(i) Government of India Securities.....	12%	16%
(ii) Corporate Bonds .....	57%	43%
(iii) Special Deposit Scheme.....	18%	22%
(iv) Others.....	13%	19%
<b>Principal actuarial assumptions at the balance sheet date are as follows:</b>		
(i) Discount rate at 31st March .....	9.25% p.a.	7.95% p.a.
(ii) Expected return on plan assets at 31st March.....	8.50% p.a.	8.50% p.a.
(iii) Rate of increase in compensation		
— Management.....	9.00% p.a.	9.00% p.a.
— Non-Management .....	6.00% p.a.	6.00% p.a.
(iv) Leaving of service		
21 to 44-age .....	2.00% p.a.	2.00% p.a.
45 to 59-age .....	1.00% p.a.	1.00% p.a.

**The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets for the previous four annual periods.**

	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)	2013-14 (₹ in Lakhs)
Defined Benefit Obligation .....	326.52	454.55	487.04	592.46	653.16
Plan Assets .....	334.35	352.29	455.73	504.38	609.66
Surplus/(Deficit) .....	7.83	(102.26)	(31.31)	(88.08)	(43.50)
Experience Adjustment on Plan Liabilities...	12.94	72.97	24.92	58.30	67.69
Experience Adjustment on Plan Assets .....	3.11	2.02	7.61	10.40	11.69

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2014-15 is ₹ 43.50 lakhs

	2013-2014 (₹ in Lakhs)	2012-2013 (₹ in Lakhs)
<b>(c) Details of the unfunded Pension plan are as follows:</b>		
The Company has a scheme whereby pension is payable to certain categories of employees based on the number of years of service upto a specified period after retirement.		
The amounts recognised in the Balance Sheet are as follows:		
(i) Present value of funded obligations .....	61.62	65.38
(ii) Fair value of plan assets .....	—	—
Amounts in the Balance Sheet:		
Liabilities.....	61.62	65.38



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2013-2014 (₹ in Lakhs)	2012-2013 (₹ in Lakhs)
The amounts recognised in the Statement of Profit and Loss are as follows:		
(i) Current service cost .....	2.33	1.97
(ii) Interest on obligation .....	4.97	4.98
(iii) Expected return on plan assets .....	—	—
(iv) Net actuarial losses/(gains) recognised in year .....	7.84	3.95
(v) Past service cost .....	—	—
(vi) Expenses recognized in the Statement of Profit and Loss.....	15.14	10.90
Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
(i) Opening defined benefit obligation .....	65.38	57.96
(ii) Service cost .....	2.33	1.97
(iii) Interest cost .....	4.97	4.98
(iv) Actuarial losses/(gains) .....	7.84	3.95
(v) Past service cost .....	—	—
(vi) Benefits paid .....	(3.22)	(3.48)
(vii) Closing defined benefit obligation .....	77.30	65.38
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
(i) Opening fair value of plan assets .....	—	—
(ii) Expected return .....	—	—
(iii) Actuarial losses/(gains) .....	—	—
(iv) Contribution by employer .....	3.22	3.48
(v) Benefits paid .....	(3.22)	(3.48)
(vi) Closing fair value of plan assets.....	—	—
Principal actuarial assumptions at the balance sheet date are as follows:		
	2013-2014	2012-2013
(i) Discount rate at 31st March.....	9.25% p.a.	7.95% p.a.
(ii) Rate of increase in compensation .....	6.00% p.a.	6.00% p.a.
The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets are as follows:		
	2013-2014 (₹ in Lakhs)	2012-2013 (₹ in Lakhs)
Defined Benefit Obligations.....	77.30	65.38
Plan Assets .....	—	—
Surplus/(Deficit).....	(77.30)	(65.38)
Experience Adjustment on Plan Liabilities .....	—	—
Experience Adjustment on Plan Assets .....	—	—

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

29. Related party disclosures, as required by AS-18 "Related Party Disclosures" as notified under the Companies (Accounting Standard) Rules, 2006, are given below:

	Nature of Relationship	Nature of Transactions	31/3/2014 (₹ in Lakhs)	31/3/2013 (₹ in Lakhs)
<b>(A) Related Parties</b>				
1.	Naperol Investments Ltd.	Wholly owned Subsidiary	Other Income: Dividend Received	— 38.25
<b>(B) Key Management Personnel</b>				
	Mr. S. R. Lohokare	Managing Director	Remuneration for the year	237.07 204.55

No amount have been written off/provided for or written back during the year in respect of amounts receivable from or payable to the related parties.

	2013-2014	2012-2013
<b>30. EARNINGS PER SHARE</b>		
(a) Profit for the year (₹ in lakhs) .....	3,861.83	3,980.66
(b) Number of equity shares of face value of ₹ 10 each.....	5,747,000	5,747,000
(c) Basic and Diluted Earnings Per Share on the above (₹) .....	67.20	69.26

**31. OTHER DISCLOSURES**

	2013-2014 (₹ in Lakhs)		2012-2013 (₹ in Lakhs)	
<b>(a) Imports on C.I.F. Basis:</b>				
Raw Materials.....	1,002.01		504.90	
Stores and Spare parts .....	11.68		6.09	
Capital Goods.....	1,467.24		27.46	
<b>(b) The value of consumption of directly imported and indigenously obtained raw materials, components, stores and spare parts and the percentage of each of them to the total consumption:</b>				
	2013-2014		2012-2013	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
<b>Raw Materials:</b>				
Directly imported .....	639.20	9	625.57	12
Indigenously obtained .....	6,857.22	91	4,511.28	88
	<u>7,496.42</u>	<u>100</u>	<u>5,136.85</u>	<u>100</u>
<b>Components, Stores and Spare Parts:</b>				
Directly imported .....	2.90	1	5.00	1
Indigenously obtained .....	352.71	99	457.95	99
	<u>355.61</u>	<u>100</u>	<u>462.95</u>	<u>100</u>

Note : The consumption figures shown above are after adjusting excesses and shortages, ascertained on physical count, unserviceable items, etc.



# National Peroxide Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2013-2014 (₹ in Lakhs)	2012-2013 (₹ in Lakhs)
(c) Expenditure in Foreign Currency:		
Membership & Subscription .....	3.51	2.70
Foreign Travel .....	7.13	4.91
(d) FOB value of export:		
Hydrogen Peroxide .....	—	4.16

### 32. SEGMENT INFORMATION

The Company operates in a single business segment i.e., Manufacturing of Peroxygens. Also it operates significantly in a single geographic segment viz India. Therefore, information required by the Accounting Standard on "Segment Reporting" (AS) - 17 are not applicable.

### 33. FOREIGN CURRENCY EXPOSURES

The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. The year end foreign currency exposures that were not hedged by a derivative instrument, or otherwise are given below.

Amounts payable in foreign currency on account of the following:

Particulars	2013-2014		2012-2013	
	(₹ in Lakhs)	(Fx in Lakhs)	(₹ in Lakhs)	(Fx in Lakhs)
Import of goods	62.61	USD 1.04	63.21	USD 1.15
	200.96	EUR 2.41	—	—

Note : Fx = Foreign Currency; USD = US Dollar; EUR = Euro

34. The Company has taken motor vehicles on operating lease for a period of four years. The particulars in respect of such leases are as follows:

	As at 31.03.2014 (₹ in Lakhs)	As at 31.03.2013 (₹ in Lakhs)
(a) Total of minimum lease payments for a period:		
— Not later than one year .....	14.04	11.93
— Later than one year but not later than five years .....	26.88	4.28
— Later than five years .....	—	—
(b) Lease payments recognised in the Statement of Profit and Loss for the year .....	12.79	11.59

35. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

H. B. CHINYOY  
Company Secretary

R. BATRA  
N. P. GHANEKAR

} Directors

Mumbai, 29th May, 2014

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

1. Name of Subsidiary.....	Naperol Investments Limited
2. Financial year ended .....	31st March, 2014
3. Holding Company's Interest:	
Equity Capital:	
Number of Shares of ₹ 100 each .....	25,500
Extent of Holding .....	100%
Redeemable Preference Share Capital:	
Number of Shares .....	—
Extent of Holding .....	—
4. The net aggregate of Profit/(Loss) of the Subsidiary Companies in so far as it concerns the members of the Holding Company:	
(a) Not dealt with in the accounts of the Company for the year ended 31st March, 2014:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Profit: ₹ 132.48 lacs
(2) For the previous financial years of the Subsidiary .....	Profit: ₹ 63.84 lacs
(b) Dealt with in the accounts of the Company for the year ended 31st March, 2014:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Nil
(2) For the previous financial years of the Subsidiary .....	Nil

For and on behalf of the Board of Directors

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

R. BATRA

N. P. GHANEKAR

Directors

H. B. CHINOY  
Company Secretary

Mumbai, 29th May, 2014

## INDEPENDENT AUDITORS' REPORT

### INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NATIONAL PEROXIDE LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NATIONAL PEROXIDE LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitutes "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditor on the financial statement of the subsidiary, referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### Other Matter

We did not audit the financial statements of the subsidiary whose financial statement reflect total assets (net) of ₹ 335.07 lakhs as at 31st March, 2014, total revenues of ₹ 134.70 lakhs and net cash inflow amounting to ₹ 0.02 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditor.

Our opinion is not qualified in respect of this matter.

For S. B. BILLIMORIA & CO.  
Chartered Accountants  
(Registration No. 101496W)

Z. F. Billimoria  
Partner  
(Membership No. 42791)

Mumbai, 29th May, 2014



# National Peroxide Limited

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	₹ in Lakhs	₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
<b>(A) EQUITY AND LIABILITIES:</b>				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital .....	2	574.70		574.70
(b) Reserves and Surplus .....	3	20,391.64		17,405.89
			20,966.34	17,980.59
2. NON-CURRENT LIABILITIES				
(a) Deferred Tax Liability .....	4	1,754.72		1,706.69
(b) Long-Term Provisions .....	5	45.66		55.01
			1,800.38	1,761.70
3. CURRENT LIABILITIES				
(a) Short-Term Borrowings .....	6	403.79		102.65
(b) Trade Payables .....	7	2,252.98		2,548.75
(c) Other Current Liabilities .....	8	574.20		290.15
(d) Short-Term Provisions .....	9	1,266.32		1,123.26
			4,497.29	4,064.81
<b>TOTAL</b>			<u>27,264.01</u>	<u>23,807.10</u>
<b>(B) ASSETS:</b>				
1. NON-CURRENT ASSETS				
(a) Fixed assets				
(i) Tangible assets .....	10	11,662.71		11,041.76
(ii) Capital Work-in-progress .....		4,091.80		314.57
(b) Non-current Investments .....	11	433.29		300.30
(c) Long-Term Loans and Advances .....	12	1,412.93		840.44
			17,600.73	12,497.07
2. CURRENT ASSETS				
(a) Current Investments .....	13	902.11		5,733.54
(b) Inventories .....	14	2,398.91		818.83
(c) Trade Receivables .....	15	3,250.51		3,166.78
(d) Cash and Bank Balances .....	16	137.88		123.88
(e) Short-Term Loans and Advances .....	17	2,956.38		1,453.39
(f) Other Current Assets .....	18	17.49		13.61
			9,663.28	11,310.03
<b>TOTAL</b>			<u>27,264.01</u>	<u>23,807.10</u>

See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINYOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note No.	₹ in Lakhs	₹ in Lakhs	2012-2013 ₹ in Lakhs
I. REVENUE FROM OPERATIONS.....	20		23,586.24	21,288.82
II. Other Income.....	21		611.17	469.10
III. Total Revenue .....			<u>24,197.41</u>	<u>21,757.92</u>
IV. EXPENSES:				
Cost of Raw Material Consumed .....	22		7,496.42	5,136.85
Purchase of Stock-in-Trade .....			240.12	
Changes in Inventories .....	23		(1,208.93)	185.27
Employee benefits expenses .....	24		1,683.06	1,394.87
Finance cost .....	25		21.65	34.72
Depreciation and amortisation expenses.....	10		973.44	1,100.23
Other expenses.....	26		9,139.38	7,835.73
Total Expenses.....			<u>18,345.14</u>	<u>15,687.67</u>
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III-IV)...			5,852.27	6,070.25
Exceptional Item .....	27		119.56	—
VI. PROFIT BEFORE TAX (VII - VIII) .....			5,971.83	—
VII. Tax expense:				
– Current tax .....			1,929.15	1,932.67
– Short Provision for Tax of prior year .....			0.34	—
– Deferred tax.....	4		48.03	131.34
			<u>1,977.52</u>	<u>2,064.01</u>
VIII. PROFIT FOR THE YEAR (V - VI) .....			<u>3,994.31</u>	<u>4,006.24</u>
IX. Basic and Diluted Earnings Per Share (₹) .....	31		69.50	69.71
(Face Value ₹ 10)				

See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINYOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

} Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014



# National Peroxide Limited

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	2012-13	2011-12
	₹ in Lakhs	₹ in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	5,971.83	6,070.25
<b>Adjustments for:</b>		
Depreciation	973.44	1,100.23
Interest expense	21.65	34.72
Interest income	(490.24)	(343.61)
Dividend income	(118.42)	(118.84)
Provision for Employee Benefits	(9.84)	18.96
Loss on sale of Fixed Assets	24.50	0.39
Profit on Sale of Investments	(0.34)	(0.34)
<b>Operating Profit before Working Capital Changes</b>	<u>6,372.58</u>	<u>6,761.76</u>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Trade Receivables	(83.73)	(730.44)
Long-term Loans and Advances	(51.98)	(358.62)
Short-term Loans and Advances	397.01	(308.15)
Term deposits pledged with banks	(8.80)	(12.61)
Dividend Account balance with banks	(5.12)	(4.11)
Inventories	(1,580.08)	277.44
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade Payables	(295.77)	540.36
Other Current Liabilities	(5.08)	82.57
<b>Cash generated from operations</b>	4,739.03	6,248.20
Less: Taxes paid	(1,830.52)	(2,057.02)
<b>Net Cash from Operating Activities (A)</b>	<u>2,908.51</u>	<u>4,191.18</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital work in progress)	(5,644.26)	(417.51)
Sale of Fixed Assets	56.22	0.85
Interest received	486.36	348.26
Dividend received	118.42	118.84
Inter Corporate Deposits placed	(4,500.00)	(4,000.00)
Inter Corporate Deposits refunded	2,600.00	4,500.00
Purchase of Investments in Mutual Fund	(8,733.95)	(15,534.29)
Sale of Investments in Mutual Fund	13,432.73	11,988.43
<b>Net Cash used in Investing Activities (B)</b>	<u>(2,184.48)</u>	<u>(2,995.42)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Cash Credit	301.14	(423.78)
Interest paid	(21.65)	(34.72)
Dividend and Tax on Dividend paid	(1,003.44)	(797.40)
<b>Net Cash used in Financing Activities (C)</b>	<u>(723.95)</u>	<u>(1,255.90)</u>
<b>Net Decrease in Cash and Cash equivalents (A+B+C)</b>	0.08	(60.14)
Cash and Cash Equivalents - Opening balance	6.27	66.41
Cash and Cash Equivalents - Closing balance	6.35	6.27
Cash and Bank Balances - Closing balance (As per Note No. 16)	<u>137.88</u>	<u>123.88</u>
Less: Deposits with Banks (Pledged as Margin Money)	97.73	81.61
Less: Current Accounts held for Unclaimed Dividends	33.80	28.68
Cash and Cash Equivalents - Closing balance	6.35	13.59
See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements		

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria  
Partner

H. B. CHINYOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

Directors

Mumbai, 29th May, 2014

Mumbai, 29th May, 2014



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Corporate Information

National Peroxide Limited (the 'Company') and its subsidiary Company comprise the Group. National Peroxide Limited (NPL) is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai.

NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 84,000 MTPA on 50% w/w. basis.

### 1. Significant Accounting Policies:

#### (a) Basis of accounting and preparation of consolidated financial statements:

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the, 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. In case, each Company in the Group does not follow a uniform accounting policy, the same as disclosed in the audited accounts of the said Company, has been reproduced, if material.

#### (b) Principles of Consolidation:

- (i) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006. The consolidated financial statements relate to National Peroxide Limited (the 'Company') and its subsidiary company comprise the Group. The consolidated financial statements have been prepared on the following basis:
- (ii) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- (iii) Following Subsidiary Company has been considered in the preparation of consolidated financial statements:

Name of the Company	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary as at 31.03.2014 & 31.03.2013
Naperol Investments Limited	India	100%

#### (c) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### (d) Fixed assets and depreciation:

##### Tangible fixed assets and depreciation:

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates. Accordingly, certain electronic items are depreciated at 33.33%. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

#### (e) Impairment of fixed assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Reversal of impairment loss is recognised immediately as income in the Consolidated Statement of Profit and Loss.

#### (f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined.

Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carried forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

(g) **Investments:**

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost and market value. Long-term investments are carried at cost of acquisitions, net of diminution in value, if any, which is other than temporary.

(h) **Inventories:**

Inventories are valued at the lower of the cost and the net realisable value.

In the case of raw materials, packing materials and stores and spare parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non-refundable taxes and delivery and handling costs.

Cost of finished goods is determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods.

(i) **Revenue Recognition:**

Sales include products net off trade discounts and exclude sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all risks and rewards connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Revenue from dividend on securities is recognised when the right to receive such dividend is established. Interest on securities is recognised evenly over the period of the instrument.

(j) **Financial Income and Borrowing Cost:**

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Interest income is accrued evenly over the period of the instrument.

Borrowing cost are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

(k) **Foreign Currency Transactions:**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Consolidated Statement of Profit and Loss.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealised translation differences are included in the Consolidated Statement of Profit and Loss.

(l) **Employee Benefits:**

(a) **Short-term Employee Benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

(b) **Long-term Employee Benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

(i) **Defined-contribution plans**

Annual contribution payable to the Provident Fund and Superannuation Fund (based on the percentage of salary) are charged as an expense as they fall due, that is, in the same period as the employment gives rise to the contribution. Company also contributes to an established Provident Fund for certain employees where it is obliged to meet the interest shortfall, if any.

(ii) **Defined-benefit plans**

For defined-benefit plans in the form of gratuity fund and pension, the cost of providing benefits are determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Consolidated Statement of Profit and Loss.

(c) **Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

availability or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**(m) Segment Reporting:**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated Revenue / Expenses / Assets / Liabilities".

**(n) Provisions and Contingencies:**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement.

**(o) Operating Lease:**

Lease arrangements where risks and rewards incidental to ownership of an assets substantially vest with lessor are recognised as operating leases. Lease rentals under the operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight line basis.

**(p) Earnings per share:**

Basic earnings per share is calculated by dividing the net profit/(loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(q) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(r) Operating Cycle:**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**2. SHARE CAPITAL****AUTHORISED**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
25,000,000 (Previous Year – 25,000,000) Equity Shares of ₹ 10 each	2,500.00	2,500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
5,747,000 (Previous Year – 5,747,000) Equity Shares of ₹ 10 each .....	574.70	574.70

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 each holder of equity shares is entitled to one vote per share.

The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

In last 5 years, no classes of shares has been issued either by payment being received in cash or brought back nor bonus issues made by the Company.

Followings are the names of the shareholders with numbers of Equity Shares holding more than 5 percent of the total Equity Shares:

Name of the Shareholders	Numbers of shares 31.03.2014	Number of shares 31.03.2013
Macrofil Investments Limited .....	1,884,065	1,884,065
Percentage .....	32.78	32.78
Solvay S A .....	1,442,500	1,442,500
Percentage .....	25.10	25.10



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>3. RESERVES AND SURPLUS</b>			
<b>CAPITAL REDEMPTION RESERVE</b>			
Balance as per last Balance Sheet .....		0.02	0.02
<b>SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934</b>			
Balance as per last Balance Sheet .....	79.85		67.07
Add: Transfer from Surplus in Consolidated Statement of Profit and Loss .....	26.80		12.78
		106.65	79.85
<b>GENERAL RESERVE</b>			
Balance as per last Balance Sheet .....	2,948.07		2,542.68
Add: Transfer from Surplus in Statement of Profit and Loss .....	400.40		405.39
		3,348.47	2,948.07
<b>SURPLUS IN CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>			
Opening Balance .....	14,377.95		11,792.23
Add: Profit for the year .....	3,994.31		4,006.24
Amount available for appropriation .....	18,372.26		15,798.47
Less: Proposed Dividend (See Note (i) below) .....	862.05		862.05
Less: Tax on Dividend.....	146.51		146.51
Less: Additional Tax on Dividend Credit taken (See Note (ii) below) .....	—		(6.21)
Less: Transfer to General Reserve .....	400.40		405.39
Less: Transfer to Special Reserve under Section 45 IC of the Reserve Bank of India Act, 1934.....	26.80		12.78
		16,936.50	14,377.95
		20,391.64	17,405.89
(i) The Board of Directors at its meeting held on 29th May, 2014 has recommended a dividend of ₹ 15 (Previous year ₹ 15) per equity share.			
(ii) Additional Tax on dividend credit taken, ₹ Nil Lakhs (Previous Year ₹ 6.21 Lakhs), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O)(1A) of the Income Tax Act, 1961.			
		As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>4. DEFERRED TAXES</b>			
<b>Deferred tax liability:</b>			
Depreciation on fixed assets .....		1,823.98	1,764.14
TOTAL		1,823.98	1,764.14
<b>Deferred tax asset:</b>			
Provision for Compensated Absences.....		(48.32)	(35.32)
Other Provisions.....		(20.94)	(22.13)
TOTAL		(69.26)	(57.45)
Net deferred tax liability .....		1,754.72	1,706.69
The Company has recognised in the Statement of Profit and Loss, the net provision of deferred tax liability of ₹ 48.03 Lakhs (Previous year - ₹ 131.34 Lakhs).			
<b>5. LONG-TERM PROVISIONS</b>			
Provision for employee benefits.....		45.66	55.01
		45.66	55.01

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>6. SHORT-TERM BORROWINGS</b>		
SECURED BORROWINGS		
Loans Repayable on Demand:		
Cash Credits.....	403.79	102.65
(Secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.)		
	<u>403.79</u>	<u>102.65</u>
<b>7. TRADE PAYABLES</b>		
Payable for goods purchased.....	963.10	868.99
Payable to Employees .....	59.82	60.97
Payable for other expenses (includes ₹ 0.06 Lakhs (Previous year ₹ 0.06 lakhs) due to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006)	1,230.06	1,618.79
	<u>2,252.98</u>	<u>2,548.75</u>
<b>8. OTHER CURRENT LIABILITIES</b>		
Advance & Deposits received from Customers .....	36.51	30.38
Deposits received from Customers .....	9.70	37.24
Statutory and Other dues .....	55.39	39.06
Payable in respect of Capital Goods (other than to Micro and Small Enterprises defined under Micro, Small and Medium Enterprises Development Act, 2006) .....	395.30	66.71
Payable to Gratuity Fund (Refer to Note No. 28).....	43.50	88.08
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends.....	33.80	28.68
	<u>574.20</u>	<u>290.15</u>
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits.....	158.10	114.01
Proposed Dividend:		
Proposed Dividend (Refer to Note No. 3 (i)) .....	862.05	862.05
Tax on Dividend .....	146.51	146.51
Provision for Income Tax [(Net of Advance Tax of ₹ 1,830.52 Lakhs Previous Year - ₹ Nil Lakhs)].....	99.66	0.69
	<u>1,266.32</u>	<u>1,123.26</u>
<b>FOOTNOTE:</b>		
Amount remitted during the year in Foreign Currency on account of dividend	31.03.2014	31.03.2013
1. Number of Shareholders .....	2	1
2. Number of Shares held .....	1,494,000	1,442,500
3. Amount remitted (in ₹ Lakhs) .....	224.10	173.10
4. Year to which dividend relates.....	2012-13	2011-12



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 10. FIXED ASSETS

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1-04-2013	Additions during the year	Deductions during the year	Closing as at 31-03-2014	Up to 31-03-2013	For the year	Deductions during the year	Up to 31-03-2014	As at 31-03-2014	As at 31-03-2013
<b>TANGIBLE ASSETS:</b>										
Land : Freehold.....	5.89	—	—	5.89	—	—	—	—	5.89	5.89
Previous Year .....	(5.89)	—	—	(5.89)	—	—	—	—	(5.89)	
Buildings .....	590.06	—	—	590.06	301.97	18.47	—	320.44	269.62	288.09
Previous Year .....	(590.06)	—	—	(590.06)	(283.35)	(18.62)	—	(301.97)	(288.09)	
Plant & Machinery.....	22,318.83	1,665.04	392.84	23,591.03	11,596.48	949.59	312.12	12,233.95	11,357.08	10,722.35
Previous Year .....	(21,962.94)	(356.88)	(0.99)	(22,318.83)	(10,520.22)	(1,077.03)	(0.77)	(11,596.48)	(10,722.35)	
Furniture & Fixtures.....	74.38	4.76	—	79.14	63.72	1.36	—	65.08	14.06	10.66
Previous Year .....	(75.51)	(0.87)	(2.00)	(74.38)	(63.15)	(1.56)	(0.99)	(63.72)	(10.66)	
Office Equipments.....	59.52	5.31	—	64.83	44.75	4.02	—	48.77	16.06	14.77
Previous Year .....	(56.00)	(3.52)	—	(59.52)	(41.73)	(3.02)	—	(44.75)	(14.77)	
<b>TOTAL.....</b>	<b>23,048.68</b>	<b>1,675.11</b>	<b>392.84</b>	<b>24,330.95</b>	<b>12,006.92</b>	<b>973.44</b>	<b>312.12</b>	<b>12,668.24</b>	<b>11,662.71</b>	<b>11,041.76</b>
<i>Total Previous Year .....</i>	<i>(22,690.40)</i>	<i>(361.27)</i>	<i>(2.99)</i>	<i>(23,048.68)</i>	<i>(10,908.45)</i>	<i>(1,100.23)</i>	<i>(1.76)</i>	<i>(12,006.92)</i>	<i>(11,041.76)</i>	<i>—</i>

As at  
31.03.2014  
₹ in Lakhs

As at  
31.03.2013  
₹ in Lakhs

### 11. NON CURRENT INVESTMENTS

#### Investment in Equity Instruments (Long Term):

##### Trade Investments (Quoted) at Cost:

1,895,900 (Previous year: 1,895,900) Equity Shares of ₹ 2 each fully paid up in The Bombay Dyeing & Manufacturing Company Limited.....

102.63

102.63

5,460,600 (Previous year: 5,460,600) Equity Shares of ₹ 2 each fully paid up in The Bombay Burmah Trading Corporation Limited.....

111.88

111.88

214.51

214.51

##### Non-Trade Investments (Quoted) at Cost:

600 (Previous year: 600) Equity Shares of ₹ 2 each fully paid up in Housing Development Finance Corporation Limited.....

0.02

0.02

2,500 (Previous year: 2,500) Shares of ₹ 2 each fully paid up in HDFC Bank Limited.....

0.05

0.05

8 (Previous year: 8) Equity Shares of ₹ 2 each fully paid up in Larsen and Toubro Limited .....

\*

\*

3,000 (Previous year: 3,000) Equity Shares of ₹ 10 each fully paid up in Technojet Consultants Limited.....

0.31

0.31

60 (Previous year: 60) Equity Shares of ₹ 2 each fully paid up in ABB Limited.....

\*

\*

56 (Previous year: 56) Equity Shares of ₹ 10 each fully paid up in Tata Chemicals Limited .....

0.02

0.02

50 (Previous year: 50) Equity Shares of ₹ 2 each fully paid up in Finolex Cables Limited .....

\*

\*

300 (Previous year: 300) Equity Shares of ₹ 10 each fully paid up in ACC Limited .....

0.09

0.09

66 (Previous year: 66) Equity Shares of ₹ 1 each fully paid up in Colgate Palmolive India Limited.....

\*

\*

233 (Previous year: 233) Equity Shares of ₹ 1 each fully paid up in Jaykay Enterprises Limited.....

0.02

0.02

46 (Previous year: 46) Equity Shares of ₹ 10 each fully paid up in J. K. Cement Limited.....

\*

\*

7 (Previous year: 7) Equity Shares of ₹ 10 each fully paid up in ORG Infomatics Limited .....

\*

\*

933 (Previous year: 933) Equity Shares of ₹ 10 each fully paid up in ICICI Bank Limited.....

0.51

0.51

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
12 (Previous year: 12) Equity Shares of ₹ 10 each fully paid up in ALSTOM Project India Limited.....	*	*
1 (Previous year: 1) Equity Shares of ₹ 10 each fully paid up in UltraTech Cement Limited.....	*	*
	1.02	1.02
<b>Non-Trade Investments (Unquoted) at Cost:</b>		
1,000 (Previous year: 1,000) Equity Shares of ₹ 100 each fully paid up in B. R. T. Limited .....	1.37	1.37
<b>Investment in Debenture Instruments (Unquoted):</b>		
393 (Previous year: 393) Zero% Unsecured Fully Convertible Debentures of ₹ 100 each in Sunflower Investments and Textiles Private Limited.....	0.39	0.39
<b>Investment in Mutual Fund (Unquoted):</b>		
Birla Sun Life Dynamic Bond Fund Growth [Nil (Previous year 318,478)] Units of ₹ 10 each.....	—	60.00
Kotak Bond Scheme Plan A - Growth [71,668 (Previous year 71,668)] Units of ₹ 10 each.....	23.00	23.00
DWS Short Maturity Fund Regular Plan Growth [903,524 (Previous year Nil)] Units of ₹ 10 each.....	193.00	—
	<u>433.29</u>	<u>300.29</u>
<b>Aggregate amount of Quoted Investments:</b>		
Cost .....	215.53	215.53
Market Value.....	6,624.74	7,861.92
* Investments less than ₹ 5,000		
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Capital Advances.....	903.03	382.52
Sundry Deposits .....	239.50	187.52
Advance Payment of Taxes (Net of provision ₹ 7,752.40 Lakhs [Previous Year - ₹ 7,752.40 Lakhs]) .....	270.40	270.40
	<u>1,412.93</u>	<u>840.44</u>
<b>13. CURRENT INVESTMENTS</b>		
<b>Investment in Mutual Fund:</b>		
<b>Unquoted (at cost or market value whichever is lower):</b>		
SBI Premier Liquid Fund - Regular Plan - Daily Dividend 29,985.822 (Previous Year: 162,097.07) Units of ₹ 1,000 each.....	300.83	1,626.24
JM Money Manager Fund - Super Plan - Daily Dividend (169) Nil (Previous Year: 2,166,693.53) Units of ₹ 10 each.....	—	217.32
JM Money Manager Fund - Regular Plan - Daily Dividend (167) Nil (Previous Year: 568,938.85 ) Units of ₹ 10 each.....	—	57.13
JM Money Manager Fund - Super Plus Plan - Daily Dividend (171) 3,002,921.512 (Previous Year: 17,604,032.86) Units of ₹ 10 each .....	300.81	1,762.83
Birla Sunlife Floating Rate Fund - STP - Daily Dividend - Regular Plan - Reinvestment Nil (Previous Year: 53,555.91) Units of ₹ 10 each .....	—	53.60
Birla Sunlife Cash Plus - Daily Dividend - Reinvestment 299,882.218 (Previous Year: 2,011,433.51) Units of ₹ 100 each.....	300.47	2,016.42
	<u>902.11</u>	<u>5,733.54</u>
Aggregate Net Asset Value of units in Mutual Funds.....	902.11	5,733.54



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>14. INVENTORIES</b>		
(At lower of Cost and Net Realisable Value)		
Raw Materials (including Goods-in-transit ₹ 37.56 Lakhs (Previous Year – ₹ 35.51 Lakhs)) .....	503.78	209.22
Finished Goods .....	1,349.08	140.15
Stores, Spare Parts, and Packing materials .....	546.05	469.46
	<u>2,398.91</u>	<u>818.83</u>
<b>15. TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they were due for payment .....	—	—
Others .....	3,250.51	3,166.78
	<u>3,250.51</u>	<u>3,166.78</u>
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents:</b>		
Cash on hand.....	1.79	1.79
Balances With Banks :		
In Current Account .....	4.56	4.48
	<u>6.35</u>	<u>6.27</u>
<b>Other Bank Balances:</b>		
In Deposit Account having maturity less than 3 months..... (Pledged as Margin Money)	16.12	7.32
In Deposit Account having maturity less than 12 months but more than 3 months..... (Pledged as Margin Money)	81.61	81.61
In Unpaid Dividend Account.....	33.80	28.68
	<u>131.53</u>	<u>117.61</u>
	<u>137.88</u>	<u>123.88</u>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Intercompany Deposits .....	1,900.00	—
Advance to Employees.....	0.27	0.23
Sundry Deposits.....	15.03	60.48
Balances with Excise, Customs, Sales tax etc.....	1,003.05	510.11
Prepaid Expenses.....	12.86	10.64
Advance for Purchase of Materials .....	18.37	123.29
Advance for Expenses .....	6.80	748.64
	<u>2,956.38</u>	<u>1,453.39</u>
<b>18. OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on fixed deposits with banks.....	1.09	0.25
Interest Accrued but not due on sundry deposits .....	16.40	13.36
	<u>17.49</u>	<u>13.61</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>19. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
Contingent Liability:		
In respect of matters which are contested by the Company		
(a) Central Excise demands .....	—	11.50
(b) Income Tax demand.....	28.48	—
(the Company is not estimating any cash outflow relating to above matters)		
Commitments:		
(a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for .....	2,147.14	2,343.92
(b) Other Commitment		
The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. However the shortfall can also be adjusted against the next year's consumption. GAIL has the discretion to waive off the said Take or Pay charges. Till date GAIL has not levied such charges and the Company also does not foresee any liability on this account in the near future.		
(c) Refer to Note No. 32 regarding lease commitment		
	₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of Products:		
Hydrogen Peroxide .....	24,380.76	22,398.99
Sodium Perborate .....	376.02	314.73
Hydrogen Gas.....	1,078.28	1,001.99
GROSS TOTAL	<u>25,835.06</u>	<u>23,715.71</u>
Less: Excise duty.....	2,648.64	2,514.29
TOTAL	23,186.42	21,201.42
Sale of Stock-in-Trade (Hydrogen Peroxide).....	240.12	—
Dividend on Non Trade Investments (Long-term) from Investments activities .....	130.62	61.11
Profit on Sale of Long-term Investment from Investments activities.....	4.08	3.60
Other Operating Revenue:		
Sale of Scrap.....	16.50	15.39
Discount received.....	8.50	7.30
	<u>23,586.24</u>	<u>21,288.82</u>
<b>21. OTHER INCOME</b>		
Interest income from Banks on Fixed Deposits.....	31.84	7.17
Interest income from Intercorporate Deposits.....	442.00	322.86
Other Interest income .....	16.40	13.58
Dividends		
On Trade Investments (Long Term) .....	52.46	32.60
On Other Investments (Current) .....	<u>65.96</u>	<u>86.24</u>
	118.42	118.84
Profit on Sale of Current Investments .....	0.34	0.34
Foreign Exchange Fluctuation (Net).....	2.01	2.91
Insurance Claims .....	0.16	3.40
	<u>611.17</u>	<u>469.10</u>



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	2013-2014 ₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>22. COST OF RAW MATERIAL CONSUMED</b>			
Opening Stock.....		209.22	333.05
Add: Purchases.....		7,790.98	5,013.02
		8,000.20	5,346.07
Less: Closing Stock .....		503.78	209.22
Cost of material consumed .....		7,496.42	5,136.85
Material consumed comprises of:			
Natural Gas.....		5,496.07	3,644.54
Solvents and Chemicals .....		867.57	856.50
Others .....		1,132.78	635.81
		7,496.42	5,136.85
<b>23. CHANGES IN INVENTORIES</b>			
Opening balance of the inventory			
Hydrogen Peroxide .....	126.83		322.05
Sodium Perborate .....	13.32		3.37
Closing balance of the inventory		140.15	325.42
Hydrogen Peroxide .....	1,343.75		126.83
Sodium Perborate .....	5.33		13.32
		1,349.08	140.15
Net (Increase)/Decrease in Inventories .....		(1,208.93)	185.27
<b>24. EMPLOYEE BENEFITS EXPENSES</b>			
Salaries, Wages and Other Benefits .....		1,310.95	1,027.29
Contributions to Provident and Other Funds (Refer to Note No. 28)		158.52	193.77
Workmen and Staff Welfare Expenses .....		213.59	173.81
		1,683.06	1,394.87
<b>25. FINANCE COSTS</b>			
Interest on Borrowings .....		0.21	3.46
Other Interest .....		7.00	—
Discounting Charges .....		14.44	31.26
		21.65	34.72

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

	₹ in Lakhs	2013-2014 ₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>26. OTHER EXPENSES</b>			
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:			
Excise Duty (Relating to Closing Stock) .....	163.68		(23.10)
Insurance .....	40.14		43.25
Rent .....	34.48		17.63
Rates and Taxes .....	36.51		32.72
Commission and Discount .....	29.49		37.59
Packing and Containers.....	1,704.91		1,926.53
Power, Fuel and Water .....	3,397.72		3,108.84
Stores and Spare Parts Consumed .....	355.61		462.95
Repairs and Maintenance – Buildings.....	2.81		2.46
Repairs and Maintenance – Machinery.....	500.15		459.14
Freight Outward .....	1,927.44		1,155.36
Sundry Expenses .....	718.42		534.99
		8,911.36	7,758.36
Auditors' Remuneration:			
(i) Audit Fees.....	7.30		7.32
(ii) Other Matters.....	3.90		3.85
[Includes amount paid to Auditor of subsidiary company ₹ 0.45 Lakhs (Previous year ₹ 0.42 Lakhs)]		11.20	11.17
Donation .....		130.00	—
Loss on Sale of Fixed Assets .....		24.50	0.39
Commission to Non Executive Directors.....	61.45		63.23
Less: Reversal of previous year excess commission.....	(8.23)		(8.22)
		53.22	55.01
Directors Sitting Fees .....		9.10	10.80
		9,139.38	7,835.73
<b>27. EXCEPTIONAL ITEM</b>			
Refund received as per the order of the Consumer Grievance Redressal Forum, which was charged by Maharashtra State Electricity Distribution Co. Ltd. during the period April 2010 to March 2013 towards Voltage Surcharge.....		119.56	—
		119.56	—



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 2013-14 ₹ in Lakhs	As at 2012-13 ₹ in Lakhs
<b>28. Employee Benefits Obligations</b>		
<b>(a) The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss as contribution under defined contribution schemes:</b>		
(i) Provident Fund .....	69.88	59.02
(ii) Superannuation Fund .....	45.14	33.02
<b>(b) Details of funded gratuity plan are as follows:</b>		
<b>The amounts recognised in the Balance Sheet are as follows:</b>		
(i) Present value of funded obligations .....	653.16	487.04
(ii) Fair value of plan assets.....	(609.66)	(455.73)
<b>Amounts in the Balance Sheet</b>		
Liabilities (Refer to Note No. 8) .....	(43.50)	(31.31)
<b>The amounts recognised in the Consolidated Statement of Profit and Loss are as follows:</b>		
(i) Current service cost.....	25.17	20.01
(ii) Interest on obligation.....	43.18	33.88
(iii) Expected return on plan assets .....	(38.44)	(25.58)
(iv) Net actuarial losses/(gains) recognised in year .....	13.59	3.00
(v) Past service cost .....	—	—
(vi) Expenses recognized in the Consolidated Statement of Profit and Loss (Refer to Note No. 24).....	43.50	31.31
<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
(i) Opening defined benefit obligation.....	592.46	454.55
(ii) Service cost.....	25.17	20.01
(iii) Interest cost .....	43.18	33.88
(iv) Actuarial losses/(gains) .....	25.27	10.62
(v) Past service cost .....	—	—
(vi) Benefits paid .....	(32.92)	(32.02)
(vii) Closing defined benefit obligation .....	653.16	487.04
<b>Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:</b>		
(i) Opening fair value of plan assets.....	504.38	352.29
(ii) Expected return .....	38.44	25.58
(iii) Actuarial losses/(gains) .....	8.98	7.61
(iv) Contribution by employer .....	90.78	102.26
(v) Benefits paid .....	(32.92)	(32.02)
(vi) Closing fair value of plan assets.....	609.66	455.72
<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>		
Category of Assets	2013-14	2012-13
(i) Government of India Securities .....	12%	18%
(ii) Corporate Bonds.....	57%	11%
(iii) Special Deposit Scheme .....	18%	24%
(iv) Others .....	13%	47%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

	2013-14	2012-13
<b>Principal actuarial assumptions at the Balance Sheet date are as follows:</b>		
(i) Discount rate at 31st March.....	9.25% p.a.	8.60% p.a.
(ii) Expected return on plan assets at 31st March .....	8.50% p.a.	8.50% p.a.
(iii) Rate of increase in compensation		
– Management .....	9.00% p.a.	9.00% p.a.
– Non-Management.....	6.00% p.a.	6.00% p.a.
(iv) Leaving of service		
21 to 44-age.....	2.00% p.a.	2.00% p.a.
45 to 59-age.....	1.00% p.a.	1.00% p.a.

The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets for the previous four annual periods.

	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)	2013-14 (₹ in Lakhs)
Defined Benefit Obligation .....	326.52	454.55	487.04	592.46	653.16
Plan Assets .....	334.35	352.29	455.73	504.38	609.66
Surplus/(Deficit).....	7.83	(102.26)	(31.31)	(88.08)	(43.50)
Experience Adjustment on Plan Liabilities .....	12.94	72.97	24.92	58.30	67.69
Experience Adjustment on Plan Assets .....	3.11	2.02	7.61	10.40	11.69

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The contribution expected to be made by the Group during the financial year 2014-15 is ₹ 43.50 Lakhs

**(c) Details of the unfunded Pension plan are as follows:**

The Company has a scheme whereby pension is payable to certain categories of employees based on the number of years of service upto a specified period after retirement.

The amounts recognised in the Balance Sheet are as follows:

	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
(i) Present value of funded obligations.....	61.62	57.96
(ii) Fair value of plan assets .....	—	—

**Amounts in the Balance Sheet**

Liabilities.....	61.62	57.96
------------------	-------	-------

**The amounts recognised in the Consolidated Statement of Profit and Loss are as follows:**

(i) Current service cost.....	2.33	1.94
(ii) Interest on Defined benefit obligation .....	4.97	4.67
(iii) Expected return on plan assets .....	—	—
(iv) Net actuarial losses/(gains) recognised in year .....	7.84	(1.97)
(v) Past service cost .....	—	—
(vi) Expenses recognized in the Consolidated statement of Profit and Loss.....	15.14	4.64



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
(i) Opening defined benefit obligation .....	65.38	58.17
(ii) Service cost .....	2.33	1.94
(iii) Interest cost .....	4.97	4.67
(iv) Actuarial losses/(gains) .....	7.84	(1.97)
(v) Past service cost .....	—	—
(vi) Benefits paid .....	(3.22)	(4.85)
(vii) Closing defined benefit obligation .....	77.30	57.96
<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:</b>		
(i) Opening fair value of plan assets .....	—	—
(ii) Expected return .....	—	—
(iii) Actuarial losses/(gains) .....	—	—
(iv) Contribution by employer .....	3.22	4.85
(v) Benefits paid .....	(3.22)	(4.85)
(vi) Closing fair value of plan assets .....	—	—
<b>Principal actuarial assumptions at the Balance Sheet date are as follows:</b>		
(i) Discount rate at 31st March .....	2013-14 7.95% p.a.	2012-13 8.60% p.a.
(ii) Rate of increase in compensation .....	8.50% p.a.	6.00% p.a.
<b>The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets are as follows:</b>		
Defined Benefit Obligation .....	2013-14 ₹ in Lakhs 77.30	2012-13 ₹ in Lakhs 57.96
Plan Assets .....	—	—
Surplus/(Deficit) .....	(77.30)	(57.96)
Experience Adjustment on Plan Liabilities .....	—	—
Experience Adjustment on Plan Assets .....	—	—

### 29. Related Party disclosures

Related party disclosures, as required by AS-18 “Related Party Disclosures” as notified under the Companies (Accounting Standard) Rules, 2006, are given below.

Key Management Personnel	Nature of Relationship	Nature of Transactions	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
Mr. S. R. Lohokare	Managing Director	Remuneration for the year	237.07	204.55

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****30. Segment Information**

Segment Information based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS-17) as notified under the Companies (Accounting Standard) Rules, 2006.

<b>Information about Primary Business Segments</b>	31.03.2014 ₹ in Lakhs	31.03.2013 ₹ in Lakhs
<b>1. SEGMENT REVENUE</b>		
Peroxygen .....	23,451.54	21,224.11
Others .....	134.70	64.71
Unallocated .....	611.17	469.10
Total Revenue .....	<u>24,197.41</u>	<u>21,757.92</u>
<b>2. SEGMENT RESULTS</b>		
(Profit before Tax)		
Peroxygen .....	5,272.84	5,571.75
Others .....	133.97	64.51
Unallocated:		
Interest Paid.....	(21.65)	(34.72)
Other Income .....	611.17	469.10
Loss on sale of assets.....	(24.50)	(0.39)
	<u>565.02</u>	<u>433.99</u>
Profit before Taxes.....	5,971.83	6,070.25
Less: Provision for taxes .....	(1,977.52)	(2,064.01)
Profit after Taxes.....	<u>3,994.31</u>	<u>4,006.24</u>
<b>3. OTHER INFORMATION</b>		
(i) SEGMENT ASSETS:		
Peroxygen .....	23,737.11	17,485.67
Others .....	3.61	3.59
Unallocated.....	3,523.31	6,317.85
Total.....	<u>27,264.03</u>	<u>23,807.11</u>
(ii) SEGMENT LIABILITIES:		
Peroxygen .....	3,022.40	3,007.50
Others .....	1.64	1.11
Unallocated.....	3,273.63	2,817.90
Total .....	<u>6,297.67</u>	<u>5,826.51</u>
(iii) CAPITAL EXPENDITURE INCURRED:		
Peroxygen .....	5,972.85	417.51
Others .....	—	—
Unallocated.....	—	—
Total.....	<u>5,972.85</u>	<u>417.51</u>
(iv) DEPRECIATION:		
Peroxygen .....	973.44	1,100.23
Others .....	—	—
Unallocated.....	—	—
Total.....	<u>973.44</u>	<u>1,100.23</u>
(v) NON CASH EXPENDITURE OTHER THAN DEPRECIATION:		
Peroxygen .....	—	18.96
Others .....	—	—
Unallocated.....	24.16	0.05
Total.....	<u>24.16</u>	<u>19.01</u>

Notes:-

- (1) The Group has considered business segment as the primary segment for disclosure. The Group is currently organised into two operative divisions. These divisions on the basis of which the Group reports its primary segment information are as under:
  1. Manufacturing of Peroxygens and Hydrogen Gas.
  2. Others comprising of Investing activities.
- (2) The Group does not have secondary Segment as it operates significantly within India.



# National Peroxide Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 31. Earning Per Share:

	2013-2014	2012-2013
a. Profit for the year (₹ in lakhs) .....	3,994.31	4,006.24
b. Number of equity shares of face value of ₹ 10 each.....	5,747,000	5,747,000
c. Basic and Dilute Earnings Per Share on the above (In ₹) .....	69.50	69.71

### 32. The Group has taken motor vehicles on operating lease for a period of four years. The particulars in respect of such leases are as follows:

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
(a) Total of minimum lease payments for a period:		
– Not later than one year .....	14.04	15.29
– Later than one year but not later than five years .....	26.88	22.49
– Later than five years .....	—	—
(b) Lease payments recognised in the Consolidated statement of Profit and Loss for the year.....	12.79	12.72

### 33. Unhedged Foreign Currency Exposures:

The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. The year end foreign currency exposures that were not hedged by a derivative instrument, or otherwise are given below.

Amounts payable in foreign currency on account of the following:

Particulars	2013-14		2012-13	
	(₹ in Lakhs)	(Fx in Lakhs)	(₹ in Lakhs)	(Fx in Lakhs)
Import of goods	62.61	USD 1.04	63.21	USD 1.15
	200.96	EUR 2.41	—	—

Note : Fx = Foreign Currency; USD = US Dollar; EUR = Euro

### 34. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

S. R. LOHOKARE  
Managing Director

NESS N. WADIA

Chairman

H. B. CHINYOY  
Company Secretary

R. BATRA

N. P. GHANEKAR

Directors

Mumbai, 29th May, 2014



## NAPEROL INVESTMENTS LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their Annual Report on the business and operations of the Company and the financial accounts for the year ended 31<sup>st</sup> March, 2014.

#### 1. FINANCIAL RESULTS

	For the year ended 31 <sup>st</sup> March, 2014 (Rupees in lac)	For the year ended 31 <sup>st</sup> March, 2013 (Rupees in lac)
Operating Profit for the year	133.97	64.51
Less : Provision for Tax	1.49	0.67
Profit after Tax	132.48	63.84
Add : Profit brought forward from previous year	45.01	0.34
Profit Available For Appropriation	177.49	64.18
Appropriations:		
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Transferred to General Reserve	13.40	6.39
Transferred to Regulated Reserve Fund (NBFC)	26.80	12.78
Balance carried to Balance Sheet	137.29	45.01
	177.49	64.18

#### 2. DIVIDEND

In order to conserve resources, the Board does not recommend any dividend for the year ended 31<sup>st</sup> March, 2014.

#### 3. FIXED DEPOSITS

No deposits from the Public were accepted and were outstanding with the Company during the year ended 31<sup>st</sup> March, 2014.

#### 4. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. S. S. Kelkar retires by rotation and being eligible, offers himself for re-appointment.

Mr. Ashok Panjwani was appointed as Additional Director, w.e.f. 25<sup>th</sup> March, 2014. 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 Director. Mr. Panjwani, with his experience and knowledge, would be an advantage to the Company.

Mr. D. N. Mehta resigned from the Board w.e.f. 25<sup>th</sup> March, 2014. The Board places on record its appreciation for the valuable contribution made by Mr. Mehta during his association with the Company as a Director.

#### 5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, 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 the 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 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2014;
- iii. that 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. that they have prepared the annual accounts on a going concern basis.

#### 6. DISCLOSURE OF PARTICULARS PERTAINING TO CONSERVATION OF ENERGY ETC.

The information to be provided pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable as your Company is engaged only in the business of investments.

#### 7. PARTICULARS OF EMPLOYEES

The Company had no employee of the category mentioned in Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

#### 8. AUDITORS

Members are requested to appoint M/s. Nanubhai & Co., Chartered Accountants, as Auditors for a term of five years i.e. from the conclusion of this Annual General Meeting upto the conclusion of the Annual General Meeting to be held in the year 2019, at remuneration to be fixed by the Board of Directors.

#### 9. INTERNAL AUDIT SYSTEM

There were insignificant transactions during the year under report. Therefore the Company does not deem it necessary to have an internal audit system.

#### 10. COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

M/s. Nilesh G. Shah were appointed to carry out Secretarial Audit as required u/s 383A of the Companies Act, 1956. The compliance certificate of the said Secretary in whole-time practice is attached to this report.

On behalf of the Board of Directors

(S. S. KELKAR)  
Chairman

Mumbai, 28<sup>th</sup> May, 2014

### COMPLIANCE CERTIFICATE

[under rule 3 of the Companies (Compliance Certificate) Rules, 2001]

To,  
The Members  
Naperol Investments Limited  
MUMBAI.

We have examined the necessary registers, records, books and papers of **Naperol Investments Limited** ('the Company') as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder, and wherever required all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Maharashtra, Mumbai.

However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.

3. The Company was deemed Public Limited Company under erstwhile section 43A (1) of the Companies Act, 1956 and has the minimum prescribed paid-up capital and its maximum number of members are two. As National Peroxide Limited holds 100% of the paid-up capital of the Company and since provisions of section 43A are deleted by the Companies (Amendment) Act, 2000, the Company is yet to increase number of shareholders to Seven and convert itself into a Public Limited within the meaning of Section 3(1)(iv) of the Act and to delete inconsistent clause(s) in the Articles of Association of the Company.
4. The Board of Directors duly met 5 (five) times for the meetings held on 05.04.2013, 14.05.2013, 14.08.2013, 08.11.2013 and 07.02.2014 respectively, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close and has not closed its Register of Members during the financial year under review and consequently compliance u/s 154 of the Act is not required.



## NAPEROL INVESTMENTS LIMITED

6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 14th August, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year under review.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to in Section 295 of the Act or Section 185 of the Companies Act, 2013, which was applicable for the part of the year during the financial year under review.
9. The Company has not entered into any Contracts in violation of the provision of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There are no appointments or contracts in respect of holding an office or place of profit within the meaning of Section 314 of the Act and accordingly the Company was not required to obtain any approval from the Board of Directors, Members and the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. During the financial year under review:
  - (i) there was no allotment/transfer/transmission of securities;
  - (ii) not declared any dividend during the financial year under review and was therefore not required to deposit any amount as unpaid dividend in a separate Bank Account;
  - (iii) not declared any dividend during the financial year under review and hence the Company was not required to pay/post warrants to any members of the Company;
  - (iv) there are no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and are required to be transferred to Investor Education and Protection Fund;
  - (v) the Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was appointment of additional director which was made in due compliance of the Provisions of the Act. There was no other appointment of Alternate Directors and Directors to fill casual vacancies, during the financial year under review.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities as prescribed under the various provisions of the Act and the rules made thereunder.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not issued any preference shares/debentures and consequently there is no redemption of preference shares/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of the shares during the financial year under review.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
24. The Company has not borrowed any amount from directors, public financial institutions, banks and others during the financial year under review, in violation of provisions of Section 293(1)(d) of the Act or Section 180(1)(c) of the Companies Act, 2013, which was applicable for the part of the year.
25. The Company has not made any loans or given guarantees or provided securities during the year under review. It may be noted that the Company has made investments in other bodies corporate and has made necessary entries in the register kept for the purpose. However, it may be noted that the principal business of the Company being acquisition of shares, stock, debentures and other securities, the Company is covered under the exemption provided under Section 372A(8)(a)(ii) of the Act.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year.
32. As explained to us, the Company has not received any amount as security from its employees during the financial year under certification in terms of the provisions of section 417(1) of the Act.
33. The Company has no outstanding amount to be deposited with prescribed authorities under the provisions of Section 418 of the Act.

For Nilesh Shah & Associates  
Company Secretaries

(HETAL SHAH)

Partner (ACS - 24998)

C.P. No.: 8964

Place: Mumbai  
Date: 28th May, 2014

### Annexure A

Sr. No.	Registers maintained by the Company	Under Section
1.	Register of Members	150
2.	Minutes Books of the proceedings of the Meetings of the Board of Directors and of the Members	193
3.	Register of contracts, companies and firms in which directors are interested	301
4.	Register of Directors, Managers and Secretary	303
5.	Register of Directors Shareholding	307
6.	Register of Charges	143
7.	Register of Investments, Loans, etc.	372A
8.	Register of Directors Attendance	Voluntary
9.	Register of Share Transfer	Voluntary
10.	Register of Share Application and Allotment.	Voluntary

### Annexure B

Sr. No.	Form No./Return	Filed Under Section	Purpose	Date of Filing and SRN
1.	Form No. 66 (Compliance Certificate) Dtd: 31.03.2013	383A	As per Companies (Compliance Certificate) Rules, 2001	Q10790947 04.09.2013
2.	Form No. 20B (Annual Return) Dtd: 14.08.2013	159, 160, 161	As per requirement of the Act.	Q13133665 11.10.2013
3.	Form No. 23AC /23ACA (Annual Accounts) Dtd: 31.03.2013	210	As per requirement of the Act.	Q11003993 11.09.2013
4.	Form No. 32 Dtd: 25.03.2014	303(2) / 161 of the CA, 2013	Appointment of Mr. Ashok Panjwani as Additional Director and Cessation of Mr. D. N. Mehta as Director	C00632778 25.03.2014

For Nilesh Shah & Associates  
Company Secretaries

(HETAL SHAH)

Partner (ACS - 24998)

C.P. No.: 8964

Place: Mumbai  
Date: 28th May, 2014

# NAPEROL INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF NAPEROL INVESTMENTS LIMITED

We have audited the accompanying financial statements of **NAPEROL INVESTMENTS LIMITED** (the Company), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility For The Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.)

- In respect of its fixed assets:  
The Company does not have any Fixed Assets and therefore the requirements of clause (i) of paragraph 4 of the Order are not applicable.
- In respect of its inventories:  
The Company does not have any Inventories and therefore the requirements of clause (ii) of paragraph 4 of the Order are not applicable.
- In respect of the loans, secured or unsecured, the Company has not granted or taken any loans, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (the Act). Consequently, the requirements of clause (iii) of paragraph 4 of the Order are not applicable.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purpose of conducting its investment activities. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- In respect of the contracts or arrangements referred to in Section 301 of the Act, based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions with related parties and therefore no particulars of contracts or arrangements referred to in Section 301 of the Act are given.
- According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year as per Section 58A, Section 58AA and any other relevant provisions of the Act, and the rules framed there under in respect of acceptance of deposits from the public. Further, according to the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order on the Company in respect of the aforesaid deposits. Therefore, the provisions of clause (vi) of the paragraph 4 of the Order are not applicable to the Company.
- The Company does not have an Internal Audit System. According to the information and explanations given to us, having regard to the size of the Company and the nature of its business, the Management does not consider it necessary to have an internal audit system for the Company.
- According to the information and explanations given to us, the maintenance of cost records as per the Companies (Cost Accounting Records) Rules, 2011 has not been prescribed by the Central Government under Section 209(1)(d) of the Act, in respect of the Company's nature of business and activities.
- In respect of statutory dues:
  - According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.

- In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.
- As required by "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008", we further report that:
  - The Company is engaged in the business of non-banking financial institution and the Company has obtained a Certificate of Registration (CoR) from the Bank.
  - The Company is entitled to continue to hold such CoR in terms of its asset / income pattern as on 31st March 2014.
  - The Board of Directors of the Company has passed a resolution for non- acceptance of any public deposits.
  - The Company has not accepted any public deposits during the year ended on 31st March 2014.
  - The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For NANUBHAI & CO.  
Chartered Accountants  
(Registration No. 106874W)

Abhay D. Desai  
Partner  
Membership No. 43505

Mumbai, 28th May, 2014

- According to the information and explanations given to us, there are no amounts of disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
  - Based on the records examined by us and the information and explanations given to us, the Company has no borrowings from banks / financial institution and therefore the provisions of clause (ix) of paragraph 4 of the Order are not applicable to the Company.
  - In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and any other securities.
  - In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of the paragraph 4 of the Order are not applicable to the Company.
  - In our opinion and according to the explanations given to us and based on the information available, the Company is not a dealer or trader in shares, securities, debentures and other investments. In respect of investments made by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made. All shares, securities, debentures and other investments have been held by the Company in its own name.
  - According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any banks and financial institutions.
  - On the basis of the records examined by us and the representation made by the management, no term loans have been obtained during the year.
  - According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, there are no funds raised on short-term basis that have been used for long term investment.
  - The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
  - On the basis of records and documents examined by us, the Company has not issued debentures during the year.
  - The Company has not raised any monies by way of public issues during the year.
  - In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For NANUBHAI & CO.  
Chartered Accountants  
(Registration No. 106874W)

Abhay D. Desai  
Partner  
Membership No. 43505

Mumbai, 28th May, 2014



# National Peroxide Limited

## NAPEROL INVESTMENTS LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	₹ in Lakhs	₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>(A) EQUITIES AND LIABILITIES :</b>				
1				
SHAREHOLDERS' FUNDS				
(a)	2	25.50		25.50
(b)	3	307.93		175.44
			333.43	200.94
2 CURRENT LIABILITIES				
(a)	4	0.49		0.42
(b)	5	1.15		0.69
			1.64	1.11
	TOTAL		335.07	202.05
<b>(B) ASSETS :</b>				
1				
NON-CURRENT ASSETS				
Non-current Investments	6		331.46	198.46
2 CURRENT ASSETS				
Cash and Cash Equivalent	7	3.61		3.59
			3.61	3.59
	TOTAL		335.07	202.05

See Significant Accounting Policies and accompanying Notes to the Financial Statements

As per our Report of even date

For Nanubhai & Co.  
Chartered Accountants

Abhay D. Desai  
Partner

Mumbai, 28th May, 2014

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

A. T. PANJWANI

Directors

Mumbai, 28th May, 2014

**NAPEROL INVESTMENTS LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note No.	₹ in Lakhs	₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>I. Revenue from Operations</b> .....	8		134.70	64.71
<b>II. Total Revenue</b> .....			<u>134.70</u>	<u>64.71</u>
<b>III. Expenses :</b>				
Changes in Inventories .....			—	(0.33)
Other Expenses:				
Auditors' Remuneration:				
Audit Fees .....		0.30		0.32
Other Matters .....		0.15		0.10
			<u>0.45</u>	<u>0.42</u>
Legal & Professional Charges.....			0.25	0.10
General Expenses .....			0.03	0.02
<b>Total Expenses</b> .....			<u>0.73</u>	<u>0.20</u>
<b>IV. Profit before tax (II - III)</b> .....			133.97	64.51
<b>V. Tax Expense:</b>				
— Current tax .....			1.15	0.67
— Short Provision for Tax of prior year.....			0.34	—
<b>VI. Profit for the year (IV - V)</b> .....			<u>132.48</u>	<u>63.84</u>
<b>VII. Earnings per equity share - Basic and Diluted (₹)</b> .....	11		519.54	250.35
(Face Value ₹ - 100)				

See Significant Accounting Policies and accompanying Notes to the Financial Statements

As per our Report of even date

For Nanubhai & Co.  
Chartered Accountants

Abhay D. Desai  
Partner

Mumbai, 28th May, 2014

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

A. T. PANJWANI

} Directors

Mumbai, 28th May, 2014



**NAPEROL INVESTMENTS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	2013-2014 ₹ in Lakhs	2012-2013 ₹ in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax .....	133.97	64.51
<b>Operating Profit before Working Capital Changes .....</b>	<b>133.97</b>	<b>64.51</b>
<b>Adjustments for</b>		
(Increase)/Decrease in Short term Loans & Advances .....	—	0.01
(Increase)/Decrease in Other current assets.....	—	2.30
(Increase)/Decrease in Investments .....	(133.00)	(83.33)
Increase/(Decrease) in Trade Payables.....	0.07	(0.07)
<b>Cash generated from operations.....</b>	<b>1.05</b>	<b>(16.58)</b>
Less: Taxes paid .....	(1.03)	(0.68)
<b>Net Cash flow from Operating Activities (A) .....</b>	<b>0.02</b>	<b>(17.26)</b>
<b>B NET CASH FLOW FROM INVESTING ACTIVITIES: (B) .....</b>	<b>—</b>	<b>—</b>
<b>C NET CASH USED IN FINANCING ACTIVITIES:</b>		
Dividend and Tax on Dividend paid.....	—	(44.46)
<b>Net Cash used in Financing Activities (C) .....</b>	<b>—</b>	<b>(44.46)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C) .....</b>	<b>0.02</b>	<b>(61.72)</b>
Cash and Cash Equivalents - Opening balance as at 01-04-2013 - As per Note No. 7.....	3.59	65.31
Cash and Cash Equivalents - Closing balance as at 31-03-2014 - As per Note No. 7 .....	3.61	3.59

See Significant Accounting Policies and accompanying Notes to the Financial Statements

As per our Report of even date

For Nanubhai & Co.  
Chartered Accountants

Abhay D. Desai  
Partner

Mumbai, 28th May, 2014

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

A. T. PANJWANI

} Directors

Mumbai, 28th May, 2014

**NAPEROL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Company Overview**

NAPEROL Investments Limited (the Company) is a wholly owned subsidiary of National Peroxide Limited. The Company, incorporated on May 06, 1980 is a registered Non Banking Financial Company as provided by Section 45 - IA of the Reserve Bank of India Act, 1934. The Company is engaged in the lending business of long term investment and corporate.

**1. Significant Accounting Policies :**

- (a) Basis of accounting and preparation of financial statements :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- (b) Use of Estimates :

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

- (c) Investments :

Long-term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost and quoted/fair value, computed category wise.

- (d) Revenue Recognition :

Dividends are accounted as and when the right to receive payment is established. Interest is accounted on accrual basis. Income from interest is recognised on a time basis determined by the amount outstanding and the rate applicable.

- (e) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset on the basis of the considerations that there being a convincing evidence of realisation of the asset and in the year in which the MAT credit becomes eligible to be recognised, the said asset is created by way of credit to the profit and loss account.

- (f) Current/Non-Current :

All assets and liabilities are presented as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

**2. SHARE CAPITAL****AUTHORISED**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
49,982 (Previous Year: 49,982) Equity Shares of ₹ 100/- each .....	49.98	49.98
18,11% Non-Cumulative Redeemable Preference shares of ₹ 100/- each .....	0.02	0.02
	<u>50.00</u>	<u>50.00</u>

**ISSUED, SUBSCRIBED AND PAID UP**

25,500 (Previous Year: 25,500) Equity shares of ₹ 100/- each .....	<u>25.50</u>	<u>25.50</u>
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The Company has only one class of equity shares having a par value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share.



## NAPEROL INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

In last 5 years, no classes of shares has been issued, bought back and bonus issued by the Company.

#### Details of shareholders holding more than 5% shares in the Company

All the above equity shares are held by National Peroxide Limited, the Holding Company, jointly with its Nominees

	₹ in Lakhs	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
<b>3. RESERVES AND SURPLUS</b>			
<b>CAPITAL REDEMPTION RESERVE</b>			
Balance as per last balance sheet .....	0.02		0.02
Add:- Transfer from Statement of Profit and Loss .....	—		—
		0.02	0.02
<b>GENERAL RESERVE</b>			
Balance as per last balance sheet .....	50.57		44.18
Add:- Transfer from Statement of Profit and Loss .....	13.40		6.39
		63.97	50.57
<b>SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934</b>			
Balance as per last balance sheet .....	79.85		67.07
Add:- Transfer from Statement of Profit and Loss .....	26.80		12.78
		106.65	79.85
<b>SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>			
Opening Balance .....	45.01		0.34
Add:- Profit for the year.....	132.48		63.84
Amount available for appropriation.....	177.49		64.18
Less:- Proposed Dividend.....	—		—
Less:- Tax on Dividend .....	—		—
Less:- Transfer to General Reserve.....	13.40		6.39
Less:- Transfer to Special Reserve Under Section 45 IC of the Reserve Bank of India Act, 1934.....	26.80		12.78
		137.29	45.01
		307.93	175.44
<b>4. OTHER CURRENT LIABILITIES</b>			
Other payables.....		0.49	0.42
		0.49	0.42
<b>5. SHORT-TERM PROVISIONS</b>			
Proposed Dividend:			
Proposed Dividend.....		—	—
Tax on Dividend .....		—	—
Provision for Income Tax (net of Advance Tax) .....		1.15	0.69
		1.15	0.69



## NAPEROL INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 6. NON CURRENT INVESTMENTS

Sr. No.	Name of the Company	Face Value (₹)	Opening Stock (1-4-2013)		Purchases/ Adjustments		Sales/Conversion		Closing Stock (31-3-2014)	
			Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs
<b>Shares (Long-term Quoted): (Fully paid-up)</b>										
1.	The Bombay Dyeing & Manufacturing Company Limited	2	406,200	24.60	—	—	—	—	406,200	24.60
2.	The Bombay Burmah Trading Corporation Limited	2	4,208,400	88.14	—	—	—	—	4,208,400	88.14
3.	Larsen and Toubro Limited	2	8	0.00	—	—	—	—	8	0.00
4.	Technojet Consultants Limited	10	3,000	0.31	—	—	—	—	3,000	0.31
5.	ABB Limited	2	60	0.00	—	—	—	—	60	0.00
6.	Tata Chemicals Limited	10	56	0.02	—	—	—	—	56	0.02
7.	Finolex Cables Limited	2	50	0.00	—	—	—	—	50	0.00
8.	ACC Limited	10	300	0.09	—	—	—	—	300	0.09
9.	Colgate Palmolive India Limited	1	66	0.00	—	—	—	—	66	0.00
10.	Jaykay Enterprises Ltd.	1	233	0.02	—	—	—	—	233	0.02
11.	J. K. Cement Limited	10	46	0.00	—	—	—	—	46	0.00
12.	ORG Infomatics Limited	10	7	0.00	—	—	—	—	7	0.00
13.	ICICI Bank Limited	10	933	0.51	—	—	—	—	933	0.51
14.	ALSTOM Project India Limited	10	12	0.00	—	—	—	—	12	0.00
15.	UltraTech Cement Limited	10	1	0.00	—	—	—	—	1	0.00
				<b>113.70</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		<b>113.70</b>
<b>Shares (Long-term Unquoted): (Fully paid-up)</b>										
1.	B. R. T. Limited	100	1,000	1.37	—	—	—	—	1,000	1.37
				<b>1.37</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		<b>1.37</b>
<b>Units (Long-term Quoted): (Fully paid-up)</b>										
1.	Birla Sunlife Dynamic Bond Fund Growth	10	318,478	60.00	—	—	318,478	60	0	0.00
2.	Kotak Bond Scheme Plan A - Growth	10	71,668	23.00	—	—	—	—	71,668	23.00
3.	DWS Short Maturity Fund Regular Plan - Growth	10	—	—	903,524	193.00	—	—	903,524	193.00
				<b>83.00</b>		<b>193.00</b>		<b>60.00</b>		<b>216.00</b>
<b>Debentures (Long-term Unquoted): (Fully paid-up)</b>										
1.	Zero% Unsecured Fully Convertible Debentures in Sunflower Investments and Textiles Private Limited	100	393	0.39	—	—	—	—	393	0.39
				<b>0.39</b>		<b>—</b>		<b>—</b>		<b>0.39</b>
<b>GRAND TOTAL</b>				<b>198.46</b>		<b>193.00</b>		<b>60.00</b>		<b>331.46</b>

<b>Market Value of Quoted Shares &amp; Units</b>	<b>4,560.40</b>
<b>Previous Year</b>	<b>5,210.98</b>



**NAPEROL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

<b>Particulars Liabilities side:</b>	₹ in Lakhs Amount outstanding	Amount overdue
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowing	—	—
(e) Commercial Paper	—	—
(f) Other Loans (specify nature)	—	—
Working Capital from Banks		
Unsecured Loan from Banks		
* Please see Note 1 below		
<b>Particulars Assets side:</b>	Amount outstanding	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured	—	
(b) Unsecured	—	
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		Nil
(i) Lease assets including lease rentals under sundry debtors:		—
(a) Financial lease		—
(b) Operating lease		—
(ii) Stock on hire including hire charges under sundry debtors:		—
(a) Assets on hire		—
(b) Repossessed Assets		—
(iii) Other loans counting towards AFC activities		—
(a) Loans where assets have been repossessed		—
(b) Loans other than (a) above		—
(4) Break-up of Investments : (Included in Stock-in-Trade)		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		—
(iv) Government Securities		—
(v) Others (please specify)		—
2. Unquoted :		
(i) Shares : (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		—
(iv) Government Securities		—
(v) Others (please specify)		—



## NAPEROL INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakhs  
Amount outstanding

Long Term investments :

1. Quoted :

(i) Shares : (a) Equity	113.70
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	216.00
(iv) Government Securities	—
(v) Others (please specify)	—

2. Unquoted :

(i) Shares : (a) Equity	1.37
(b) Preference	—
(ii) Debentures and Bonds	0.39
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—

Fixed Deposits with banks

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:  
Please see Note 2 below

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties (Holding Company)	—	—	—
2. Other than related parties	—	—	—
Total	—	—	—

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):  
Please see note 3 below

Category	Market Value/ Breakup or fair value	Book Value (Net of Provisions)
	1. Related Parties **	Nil
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	4,560	331.46*
Total	4,560	331.46*

\* Includes cost of unquoted securities ₹ 1.37 Lakhs

\*\* As per Accounting Standard of ICAI (Please see Note No. 13)

**NAPEROL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	₹ in Lakhs Amount
(7) Other information	
Particulars	
(i) Gross Non-Performing Assets	Nil
(a) Related parties	—
(b) Other than related parties	—
(ii) Net Non-Performing Assets	Nil
(a) Related parties	—
(b) Other than related parties	—
(iii) Assets acquired in satisfaction of debt	Nil

**Notes:**

- i. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- ii. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- iii. All Accounting Standards as notified under the Companies (Accounting Standard) Rules, 2006 and Guidance Notes issued by Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

**14.** Based on the information received by the Company from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) there are no amounts due to such vendors during the year and as at the year end. Therefore, disclosures required under the Act have not been given.

**15.** Previous year's figures have been regrouped/reclassified, wherever necessary to conform to the current year's classification/disclosure/presentation.

Signatures to Notes 1 to 15

As per our Report of even date

For Nanubhai & Co.  
Chartered Accountants

Abhay D. Desai  
Partner

Mumbai, 28th May, 2014

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

A. T. PANJWANI

} Directors

Mumbai, 28th May, 2014



# National Peroxide Limited

## TEN YEAR STANDALONE FINANCIAL STATISTICS

(₹ in Lacs)

As at/Year ended 31st March	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Assets Employed :</b>										
Fixed Assets less Depreciation & CWIP	4476.81	7147.52	9425.00	9206.44	8820.20	8416.42	10275.99	12069.83	11356.33	<b>15754.51</b>
Investments	148.77	148.37	127.33	127.33	127.33	127.33	2177.42	2398.01	5860.87	<b>1029.44</b>
Net Current Assets	925.13	1036.70	513.79	932.89	944.60	761.57	2544.18	2514.79	2397.28	<b>6032.97</b>
Miscellaneous Expenditure	76.52	44.05	35.69	27.20	18.49	9.17	2.07	2.07	0.00	<b>0.00</b>
<b>Financed by :</b>										
Share Capital	229.83	229.88	574.70	574.70	574.70	574.70	574.70	574.70	574.70	<b>574.70</b>
Reserves & Surplus	4207.10	4810.85	4410.52	4950.51	6342.72	7290.45	12301.29	14252.14	17230.44	<b>20083.71</b>
Loan Funds	3.98	2269.69	3885.68	3453.49	1649.41	144.84	885.17	526.43	102.65	<b>403.79</b>
Deferred Tax Liability	1186.32	1066.22	1230.91	1315.16	1343.79	1304.50	1238.50	1629.36	1706.69	<b>1754.72</b>
<b>Profits &amp; Appropriations :</b>										
Sales & other Income	7626.31	7196.74	6431.83	11032.49	13602.64	12250.66	18487.70	15616.72	21731.46	<b>24062.71</b>
Manufacturing Expenses	5001.07	5205.03	5025.58	8237.21	9366.14	8886.62	8976.64	10685.44	14552.51	<b>17468.88</b>
Interest	25.69	4.24	161.14	339.04	300.22	127.40	75.84	40.75	34.72	<b>21.65</b>
Depreciation	457.05	460.98	593.39	784.60	820.73	830.83	840.96	1002.19	1100.23	<b>973.44</b>
Profit Before Tax	2142.50	1526.49	651.72	1671.64	3115.55	2405.81	8594.26	3888.34	6044.00	<b>5598.74</b>
Taxation	715.00	530.00	217.87	593.76	1050.97	785.71	2801.99	1140.22	2063.34	<b>1976.03</b>
Profit After Tax	1427.50	996.49	433.85	1077.88	2064.58	1620.10	5792.27	2748.12	3980.66	<b>3622.71</b>
<b>Dividend :</b>										
– Amount	160.92	344.82	402.29	459.76	574.70	574.70	689.64	689.64	862.05	<b>862.05</b>
– Percentage	70%	60%	70%	80%	100%	100%	120%	120%	150%	<b>150%</b>
Earning Per Share (EPS) (₹)	6.21	17.35	7.55	18.76	35.92	28.19	100.79	47.82	69.26	<b>67.20</b>

### Notes:

1. Share Capital for 2006-07 onwards includes Sub-Division of Shares (1:10) & Issue of Bonus Shares (2:3) in June 2006.
2. Reserves & Surplus includes revaluation reserve.
3. Sales and other Income include excise duty, sale of Assets etc.
4. Dividend amount does not include Corporate Dividend Tax.



# National Peroxide Limited

(CIN: L24299MH1954PLC009254)

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

Email: [secretarial@naperol.com](mailto:secretarial@naperol.com) • Website: [www.naperol.com](http://www.naperol.com)

Phone: 022-22618071 • Fax: 022-22665966

## ATTENDANCE SLIP

60TH ANNUAL GENERAL MEETING - 11th August, 2014

Registered Folio No. / DP ID & Client ID : \_\_\_\_\_

Name and Address of the Member : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

No. of shares held : \_\_\_\_\_

I certify that I am a registered Member/Proxy for the registered Member of the Company. I hereby record my presence at the 60th Annual General Meeting of the Company at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400 018 on Monday, 11th August, 2014 at 3.30 p.m.

\_\_\_\_\_  
Name of Member/Proxy

\_\_\_\_\_  
Signature of Member/Proxy

### NOTE:

- 1) Members/Proxy holders are requested to bring this Attendance Slip to the Meeting and hand over the same at the entrance duly signed.
- 2) Members attending the meeting are requested to bring their copy of the Annual Report with them.







# National Peroxide Limited

(CIN: L24299MH1954PLC009254)

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

Email: [secretarial@naperol.com](mailto:secretarial@naperol.com) • Website: [www.naperol.com](http://www.naperol.com)

Phone: 022-22618071 • Fax: 022-22665966

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Registered Folio No. / DP ID & Client ID : \_\_\_\_\_

Name and Address of the Shareholder : \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

No. of shares held : \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

1. Name: \_\_\_\_\_

of \_\_\_\_\_

Email: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her,

2. Name: \_\_\_\_\_

of \_\_\_\_\_

Email: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her,

3. Name: \_\_\_\_\_

of \_\_\_\_\_

Email: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 60th Annual General Meeting of the Company to be held on Monday, 11th August, 2014 at 3.30 p.m. at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400 018 and at any adjournment thereof in respect of such resolutions as are indicated on the reverse of this page:

Resolution No.	Resolutions	Optional*	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon		
2	Declaration of Dividend for the financial year ended 31st March, 2014		
3	Appointment of a Director in place of Mr. Ness N. Wadia, who retires by rotation and being eligible, offers himself for re-appointment		
4	Appointment of M/s. S. B. Billimoria & Co., Chartered Accountants, as Statutory Auditors of the Company		
<b>Special Business</b>			
5	Approval of the Remuneration of the Cost Auditors, M/s. N. I. Mehta & Co.		
6	Appointment of Mr. Rajesh Batra as Independent Director of the Company		
7	Appointment of Mr. Nityanath Ghanekar as Independent Director of the Company		
8	Appointment of Mr. S. Ragothaman as Independent Director of the Company		
9	Special Resolution under Sections 197 & 198 of the Companies Act, 2013 for payment of remuneration to Non-Executive Directors of the Company (i.e. directors other than the Managing Director and/or the Whole-time Directors)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Affix Revenue Stamp
---------------------------

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Proxy

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- \*(2) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

## AWARD RECEIVED DURING 2013-2014

MAHARASHTRA SAFETY AWARD - 2012



Certificate of Merit awarded by National Safety Council – Maharashtra Chapter, on 21st September, 2013, for achieving Zero Accident Frequency Rate for the year 2012.

**National Peroxide Limited**

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