

National Peroxide Limited



**ANNUAL REPORT
2009-2010**



(Registered — 16th March, 1954)

DIRECTORS (As on 5th May, 2010)

P. V. KUPPUSWAMY *Chairman*
 K. N. SUNTOOK
 NESS N. WADIA
 R. N. SETHNA
 R. BATRA
 J. S. BILIMORIA
 D. N. MEHTA
 S. R. LOHOKARE *Managing Director*

COMPANY SECRETARY

S. A. GAIKWAD

BANKERS

STATE BANK OF INDIA
 CANARA BANK
 STATE BANK OF INDORE

SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & CO.

AUDITORS

S. B. BILLIMORIA & CO.
Chartered Accountants

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

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

CONTENTS

Notice	2
Directors' Report	6
Management Discussion & Analysis Report	13
Corporate Governance Report	15
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Schedules to the Balance Sheet	29
Schedules to the Profit and Loss Account	33
Notes to the Accounts	34
Consolidated Auditors' Report	43
Consolidated Balance Sheet	44
Consolidated Profit and Loss Account	45
Consolidated Cash Flow Statement	46
Schedules to the Consolidated Balance Sheet	47
Schedules to the Consolidated Profit and Loss Account	50
Notes to the Consolidated Accounts	51
Naperol Investments Limited	58



National Peroxide Limited

NOTICE

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

Ordinary Business:

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

Special Business:

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Jimmy S. Bilimoria be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation."
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Durgesh N. Mehta be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation."
8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing or Wholetime Director, such sum by way of commission, not exceeding in the aggregate one percent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st April 2011, be paid to and distributed amongst such Directors of the Company (resident in India) but excluding the Managing Director(s)

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

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

NOTES:

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

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

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

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

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

- (f) The unclaimed dividends for the year ended 31st March, 1994 and previous years, declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Shareholders who have not encashed their dividend warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

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

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

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

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

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

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

1. Mr. Rajesh Batra

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

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

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

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

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

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

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

2. Mr. P. V. Kuppuswamy

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



National Peroxide Limited

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

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

Mr. Kuppaswamy holds 750 shares of the Company.

Other Directorships: Macrofil Investments Ltd.

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

3. Mr. Jimmy S. Bilimoria

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

He does not hold any shares of the Company.

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

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

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

4. Mr. Durgesh N. Mehta

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

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

He does not hold any shares of the Company.

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

Committee Memberships: National Peroxide Ltd. (Audit Committee)

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office:

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

Mumbai, 5th May, 2010

ANNEXURE TO THE NOTICE

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

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

Item No. 6

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

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

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

Item No. 7

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

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

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

Item No. 8

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

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

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

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

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

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

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office:

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

Mumbai, 5th May, 2010



National Peroxide Limited

DIRECTORS' REPORT TO THE MEMBERS

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

1. FINANCIAL RESULTS

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

YEAR IN RETROSPECT

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

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

2. DIVIDEND

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

3. OPERATIONS

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

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

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

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

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

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

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

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

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

4. INSURANCE

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

5. FIXED DEPOSITS

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

6. DIRECTORS

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

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

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

8. CORPORATE GOVERNANCE

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

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



National Peroxide Limited

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed as Annexure A.

10. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

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

11. CORPORATE SOCIAL RESPONSIBILITY

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

12. SUBSIDIARY COMPANY

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

13. CONSOLIDATED FINANCIAL STATEMENTS

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

14. PARTICULARS OF EMPLOYEES

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

15. AUDITORS

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

16. ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

K. N. SUNTOOK
Director

Registered Office:

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

Mumbai, 5th May, 2010

ANNEXURE – A

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**A. CONSERVATION OF ENERGY**

(a) Measures Taken:

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

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

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

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

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

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

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

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

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



National Peroxide Limited

B. CONSUMPTION PER UNIT OF PRODUCTION

	2009-10	2008-09
1. Electricity (KWH/MT)	369.61	383.19
2a. Furnace Oil (KG/MT)	15.00*	35.30
2b. Natural Gas (MMBTU/MT)	0.674*	N.A.

* The boiler was operated for part of the year on Furnace Oil and part 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 2009-10 works out to 31.68 KG of Fuel Oil/MT.

B. TECHNOLOGY ABSORPTION

FORM B

I. Research and Development

1. Specific Areas:

Our developmental efforts consisted of the following:

- (a) New design for extraction column trays to achieve higher flow rate through the system.
- (b) Process improvements in Hydrogen Peroxide and Sodium Perborate manufacture.
- (c) Improvement of effluent treatment process by changing plug flow reactor (PFR).

2. Benefits Derived:

- (a) Higher productivity from the plant.
- (b) Improvement in Chemistry & Productivity of Working Solution.
- (c) Better control of effluent quality & better utilization of existing assets for higher plant load.

3. Plan of Action:

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

- (a) Developing process design and carrying out engineering for expansion of Hydrogen Plant to 4,300 Nm³/hr. & Hydrogen Peroxide Plant to 84 KTPA.
- (b) Process modifications to reduce the cost of manufacture and improve yield.
- (c) Recycling of treated effluent back to process using UF & RO system.

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) Process design of equipments for expansion of Hydrogen & Hydrogen Peroxide Plant.
- (b) Effluent Treatment Plant.
- (c) Operating the Boiler with a dual fuel low NO_x burner which can operate with Fuel Oil/Natural Gas. Effimax system also commissioned and put to use for optimization of fuel consumption.
- (d) Installed Apex Metering system for measurement of double feeder power supply with precise accuracy.
- (e) Upgrading ERP BaaN system from BaaN – C4 to ERP Info LN system.

2. Benefits Derived:

- (a) In-house design of plant & training of manpower in technology & projects.
- (b) Reduction in effluent load to overcome the locational issues.
- (c) Better economy & reduction in emission leading to clean operation.
- (d) Better Measurement Accuracy.
- (e) Upgradation of Obsolete ERP system.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO**(a) Activities relating to Exports:**

During 2009–10, the Company exported 109 MT of Hydrogen Peroxide.

(b) Total Foreign Exchange used and earned:

Export Sales (CIF)	:	Rs. 23.27 lacs
Foreign exchange outgo (includes raw materials, spare parts, capital goods and other expenditure in foreign currency including dividends)	:	Rs. 911.36 lacs

On behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

K. N. SUNTOOK
Director

Mumbai, 5th May, 2010

ANNEXURE – B**CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS**

Even though the Copenhagen Summit has not led to any concrete measures, India has voluntarily committed to reduce its emission intensity by 25% by 2020, as compared to 2005 levels. The National Plan on Climate Change was released by the Honourable Prime Minister of India in June 2008. This Action Plan outlines Eight Missions including National Mission on Enhanced Energy Efficiency (NMEEE). Under this mission a market mechanism namely Perform, Achieve & Trade is being created. This mechanism is presently applicable to 714 Designated Consumers (DC) under the Energy Conservation Act, 2001. At present from the Chemical Industry, only Chlor Alkali and Fertilizer industries are covered. However, being a forward looking Company, National Peroxide Limited ('the Company') has been working on its own to meet the national goals on a voluntary basis.

The climate change policy of the Company is based on:

- Continuing to improve energy efficiency in all operations;
- Improving the operations wherever practicable by implementing best practice technologies to reduce greenhouse gas emissions;
- Using alternate fuels of low carbon contents wherever practicable.

During 2009-10, the Company continued to carry out the accounting of its Greenhouse Gas (GHG) emissions, also known as carbon foot print i.e. assessment and inventorization of GHG emissions. The project boundary was limited to the Company's plant at Kalyan. The GHG emissions of the Company are given below:

SCOPE	FY 08-09 TON CO ₂ /YEAR			FY 09-10 TON CO ₂ /YEAR		
	H2 Plant	AO Plant	Total	H2 Plant	AO Plant	Total
1	26,588	6,489	33,077	23,125	5,774	28,899
2	1,403	15,991	17,394	1,625	18,225	19,850
3	371	2,368	2,738	1,293	4,550	5,843
Total	28,362	24,848	53,210	26,043	28,549	54,592

PRODUCTION	FY 08-09	FY 09-10
H2O2 (50%)	55,168 MT	64,451 MT
H2	24.749 Million NM3	26.411 Million NM3
GHG Intensity of H2O2 (50%)	879 Kg/MT	773 Kg/MT

The base year for this purpose has been taken as FY. 2008-09.

Out of GHG intensity of 773 Kg/MT of H2O2 in 2009-10, 42.8% is accounted by 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.



National Peroxide Limited

Emission Reductions Target and Abatement Measures

Naphtha has been replaced by Natural Gas as feed stock for Hydrogen Peroxide production by revamping/modifications. It has resulted in reduction of Scope 1 CO₂ emissions by 150 Kg/MT of H₂O₂.

Additional energy conservation projects such as replacement of clarified water pumps, replacement of 160 watt MVL Lamps with 23 watt CFL Lamps, VFD for Boiler Fan and reduction of plant voltage through transfer has reduced the CO₂ emissions by 7.5 Kg/MT of H₂O₂ in Scope 2 emissions.

Correction of transportation figures has resulted in increase of Scope 3 of GHG emission (by 40 Kg/MT of H₂O₂ produced).

Further, energy conservation projects, such as replacement of old centrifugal pumps by energy efficient pumps, replacement of old control room Air Conditioning Unit by energy efficient unit, which are being undertaken are expected to reduce CO₂ emissions by 2.1 Kg/MT of H₂O₂.

Ozone Depleting Substances (ODS) and SO_x, NO_x Emissions

To reduce NO_x emissions, low NO_x Weishaupt Burners have been installed in the Utility Boilers.

SO_x emissions have been reduced by changing over the feedstock for Hydrogen production from Naphtha and Furnace Oil used as a fuel for Boilers to Natural Gas.

Mumbai, 5th May, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

National Peroxide Limited is the largest producer of Hydrogen Peroxide in the country and commands a market share of 38%. 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.

During the year, the Company de-bottlenecked its operations to increase its installed capacity to 65 KTPA. The total production capacity in the country now stands at 157.75 KTPA. As a result the demand supply gap was bridged significantly and imports declined to very low levels. The domestic demand is expected to grow by 7% p.a. during 2010-11, resulting in excess demand as compared to supply.

The Company announced its plan to expand its capacity to 84 KTPA, by April 2011. Another competitor is also installing an additional capacity of 28 KTPA during 2011-12. The total production capacity during 2011-12 is estimated to increase to 202 KTPA. This will result in the domestic demand being fully met by the local producers.

OPPORTUNITIES AND THREATS

The Tranche-A from Ras Gas, Qatar became available from January 1, 2010. The Company, therefore, started receiving Gas on a long term contract basis from GAIL which has 60% allocation of the gas from Petronet. Due to discovery of Shale Gas in USA and a number of LNG Plants going on-stream, there is likely to be an over supply of LNG in the International market. Further the Natural Gas from Reliance Industries Limited's D6 Block in KG Basin which became available on April 1, 2009 is now being produced at the rate of 70 mmscmd. They have a capacity to produce 80 mmscmd and scale it further to 120 mmscmd. As a result there will be a large scale availability of Natural Gas in the Country and a comfortable position upto 2014.

With large scale availability of Natural Gas which is a vital input for Hydrogen Peroxide on a long term contract basis, there is a significant stability in the supply position. The volatility in the price of Natural Gas is also expected to reduce significantly. This together with 100% capacity utilization will improve the Company's competitiveness vis-à-vis other domestic producers as well as international producers.

India signed a Free Trade Agreement (FTA) with ASEAN countries on August 13, 2009 after 6 years of negotiation on side line of meeting of Economic Ministers of ASEAN. India's trade with ASEAN countries is mainly with Singapore, Malaysia and Thailand. As a result of the FTA, the customs duty of imports from Thailand has been reduced from 7.5% to 5%. This is likely to put pressure on domestic prices.

The volatility of the exchange rate of Rupee vis-à-vis US \$ and its appreciation at the end of the year is expected to have an impact on export of textiles. This could lead to reduced consumption of Hydrogen Peroxide and the domestic prices as well.

There is a significant change in the way in which the Publishing industry is evolving. Many of the books are now available on devices like Kindle which is a software and hardware platform developed by Amazon.com for the rendering and displaying of e-books and other digital media.

Similarly there is a trend to go paperless by making use of a system or a set of systems that work entirely online and without the need of paper. The other aspect of paperless office philosophy is the conversion of paper documents, photos, engineering plans, microfiche and all the other paper based systems to Digital documents. These over a period of time could reduce the demand for paper which is a major consumer of Hydrogen Peroxide. However, with increasing literacy in the foreseeable future the demand is expected to increase at 10% p.a.

OUTLOOK

The outlook for the industry in the near term can only be viewed with cautious optimism due to surplus capacity in Thailand, Korea and China. Solvay is setting up a mega plant in Thailand for Hydrogen Peroxide from which a large quantity is likely to be available for their domestic and export markets in 2012. Further with Company's expansion and the setting up of a new Plant by a Competitor, the domestic availability is expected to improve significantly during 2011-12. However, the lower cost of production due to availability of Natural Gas at a reasonable price and growth in the domestic market will be a positive factor in mitigating the possible reduction in domestic price due to large availability.

The concern for Environment has also resulted in the use of Hydrogen Peroxide, known as "MR. CLEAN" for environmental application as it leaves environmental friendly residues. Your Company is of the opinion that, in the long term, the Hydrogen Peroxide market will continue to grow significantly.

Your Company views the outlook of the business with optimism.

RISKS AND CONCERNS

The inflation in the country and the consequent decisions taken by the Reserve Bank of India to raise interest rates and reduce credit supply is an area of concern as it will result in longer payment cycles and increased Working Capital requirements.

FTA agreements with Singapore, Malaysia and Thailand may pose some risks in the short term, although the balance in the supply and demand is expected in the long run.

The Company carries the risk of business failure in the long run due to high dependency on single product as well as the risk of obsolescence of technology for manufacturing H₂O₂.

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.



National Peroxide Limited

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 the Bombay Stock Exchange Limited.

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

The settlement with Maharashtra General Kamgar Union ('the Union') expired on 30th September, 2009. Both, the Union and the Management, have submitted their respective charter of demands. Peace and harmony between employer and employees prevailed during the year. Relations with the Union continued to be cordial.

In order to optimize the contribution of the employees to the Company's business, several training and development programmes for employees at all levels have been conducted. Occupational Health, Safety and Environment Management are given utmost importance. Emphasis was placed on in-house technical training of the employees to upgrade their operating skills. The employee strength on the permanent rolls of the Company was 121, as on 31st March, 2010.

RESOURCES AND LIQUIDITY

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

The Company finances its working capital requirements by sourcing Credit lines placed at its disposal by a consortium of banks led by State Bank of India. The Company avails of discounting of bills for exports. The Company's net current assets as on 31st March, 2010 were Rs. 1,395 lacs.

For its next expansion project, the Company plans to borrow Rs. 25 crores. Even with these borrowings, the debt equity ratio of the Company will continue to be highly favourable.

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, 5th May, 2010

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, 2010

Name	Designation/ Nature of Duties	Remuneration received (Rs.)	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 Rs. 24,00,000/-.							
Lohokare S. R.	Managing Director	1,18,09,552	B.Tech. (Hons.) (Chemical Engg.); P.G.D.I.M.; M.F.M. (Bombay University)	37	29.04.97	59	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 Rs. 2,00,000/- PER MONTH.							
— NIL —							

- Notes:
- (1) Nature of employment, whether contractual or otherwise:
The appointment is terminable by three 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

S. R. LOHOKARE
Managing Director

K. N. SUNTOOK
Director

Mumbai, 5th May, 2010

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 to the Listing Agreement, a report on Corporate Governance, for the year ended 31st March, 2010, 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 of Directors is headed by a Non-Executive Chairman, Mr. P. V. Kuppaswamy who is not a promoter of the Company and is also not related to any promoter or person occupying management positions at the Board level or at one level below the Board. The Board is composed of committed and 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

Five Board Meetings were held during the year under review. The dates on which the meetings were held are : 11th May, 2009; 21st July, 2009; 26th October, 2009; 21st January, 2010 and 9th March, 2010. The AGM was held on 21st July, 2009.

(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 Board Committees of other Companies in which a Member or a Chairman *
Mr. P. V. Kuppaswamy	Chairman, Non-Executive	5	Yes	2	Nil
Mr. K. N. Suntook	Independent, Non-Executive	5	Yes	4	2 (Chairman of 1)
Mr. Ness N. Wadia	Non-Executive	3	No	3	Nil
Mr. A. K. Hirjee (a)	Non-Executive	2	No	5	8 (Chairman of 3)
Mr. R. N. Sethna	Independent, Non-Executive	3	No	4	3
Mr. Rajesh Batra	Independent, Non-Executive	1	No	4	Nil
Mr. J. S. Bilimoria (b)	Independent, Non-Executive	2	Yes ^	8	7 (Chairman of 2)
Mr. D. N. Mehta (c)	Non-Executive	3	Yes ^	4	Nil
Mr. S. R. Lohokare	Executive, Managing Director	5	Yes	1	Nil

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 & Shareholders'/Investors' Grievance Committee and Companies other than public limited companies.

^ Attended by invitation.

Notes:

- Mr. A. K. Hirjee, a Non-Executive Director, retired by rotation at the last AGM held on 21st July, 2009, and did not seek re-appointment. Accordingly, his Directorship & Membership of Board Committees of other Companies are taken as on that date.
- Mr. J. S. Bilimoria, an Independent Non-Executive Director, was appointed w.e.f. 22nd July, 2009.
- Mr. D. N. Mehta, a Non-Executive Director, was appointed w.e.f. 22nd July, 2009.

3. Board Committees:

(a) Audit Committee:

The Audit Committee comprises of the following 6 Non-Executive Directors, majority of whom are Independent Directors:

Mr. R. N. Sethna – Chairman
 Mr. P. V. Kuppaswamy
 Mr. K. N. Suntook
 Mr. Rajesh Batra
 Mr. J. S. Bilimoria
 Mr. D. N. Mehta

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, selection and



National Peroxide Limited

establishment of accounting policies, review of financial statements, both quarterly and annual, before submission to the Board, review of Management Discussion and Analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, the Committee met four times, i.e. on 11th May, 2009; 17th July, 2009; 26th October, 2009 and 21st January, 2010. Details of attendance of each member are as follows:

Name	Number of Audit Committee Meetings attended
Mr. R. N. Sethna	3
Mr. P. V. Kuppuswamy	4
Mr. K. N. Suntook	4
Mr. Rajesh Batra	1
Mr. J. S. Bilimoria (w.e.f. January 21, 2010)	N.A.
Mr. D. N. Mehta (w.e.f. January 21, 2010)	N.A.

(b) Remuneration Committee:

The Remuneration Committee comprises of the following 4 Non-Executive Directors, majority of whom are Independent Directors:

Mr. R. N. Sethna - Chairman

Mr. P. V. Kuppuswamy

Mr. K. N. Suntook

Mr. Rajesh Batra

Broad terms of reference of the Remuneration Committee include approval/recommendation to the Board of salary/perquisites, commission and retirement benefits, finalisation of the perquisite package payable to the Company's Managing /Wholtime Director/s and other matters specified under Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956.

During the year under review, the Committee met once on 17th July, 2009. Details of attendance of each member are as follows:

Name	Number of Remuneration Committee Meeting attended
Mr. R. N. Sethna	Nil
Mr. P. V. Kuppuswamy	1
Mr. K. N. Suntook	1
Mr. Rajesh Batra	1

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. 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 2009-10 are given below:

(Amount in Rupees)

Name	Salary	Benefits *	Commission / Incentive #	Total
S. R. Lohokare	31,95,000	42,57,052	43,57,500	1,18,09,552

* Also includes Company's contribution to Provident and Superannuation Funds, amounting to Rs. 20,39,175/-.

Shown on the basis of year of payment and includes Commission of Rs. 27,60,000/- paid for 2008-09.

Notes: (a) The Agreement with the Managing Director is valid for a period of 5 years w.e.f. 1st May, 2008. Either party to the Agreement is entitled to terminate the Agreement by giving not less than 3 calendar months' notice in writing to other party, provided however that the Company shall be entitled to terminate the employment of the Managing Director at any time, by payment to him of 3 months' salary in lieu of such notice.

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

Annual Report 2009-2010

- B. Details of payment made to Non-Executive Directors during the year 2009–10 and their shareholding in the Company, as on 31st March, 2010, are given below:

(Amount in Rupees)

Directors	Sitting Fees		Commission #	Total	Total no. of shares held
	Board Meetings	Committee Meetings			
Mr. P. V. Kuppuswamy	50,000	52,000	10,00,000	11,02,000	750
Mr. K. N. Suntook	50,000	50,000	4,00,000	5,00,000	0
Mr. Ness N. Wadia	30,000	0	1,50,000	1,80,000	0
Mr. A. K. Hirjee*	20,000	0	1,00,000	1,20,000	0
Mr. R. N. Sethna	30,000	30,000	3,00,000	3,60,000	0
Mr. Rajesh Batra	10,000	20,000	2,00,000	2,30,000	0
Mr. J. S. Bilimoria**	20,000	0	0	20,000	0
Mr. D. N. Mehta**	30,000	0	0	30,000	0
Total:	2,40,000	1,52,000	21,50,000	25,42,000	750

Shown on the basis of year of payment

* Retired by rotation w.e.f. 21st July, 2009

** Appointed w.e.f. 22nd July, 2009

During 2009-10, a provision of Rs. 25.58 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 2009-10.

(c) Shareholders'/Investors' Grievance Committee:

This Committee comprises of the following Directors:

Mr. P. V. Kuppuswamy - Chairman

Mr. S. R. Lohokare

Mr. Rajesh Batra

The Chairman of the Committee, Mr. P. V. Kuppuswamy, is a Non-Executive Director.

The constitution and terms of reference of the Shareholders'/Investors' Grievance Committee are in agreement with the guidelines prescribed under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited. The Committee specifically looks into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

During the year, the Committee met 4 times.

Name and designation of Compliance Officer:

Mr. Satish Gaikwad, Company Secretary

No. of shareholders' complaints received during the year : 13

No. of complaints not solved to the satisfaction of shareholders : NIL

No. of pending complaints : NIL

4. General Body Meetings:

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

Date & Time	Location	Special Resolution Passed
21st July, 2009 04.00 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001.	Nil
23rd July, 2008 12.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001.	Nil
27th July, 2007 12.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001.	Payment of Minimum Remuneration to Mr. S. R. Lohokare, Managing Director, in case of no profits or inadequacy of profits.



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 (2010-11):
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 the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 read with Section 192A of the Companies Act, 1956.

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.

(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.

(e) Whistle Blower Policy

The Company has not adopted Whistle Blower Policy. However, the Company does not deny access to any personnel to approach the Management on any issue.

- (f) 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 General Manager – Finance, 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 one month from the end of the quarter and the audited annual results within three months from the end of the last quarter, as stipulated under the Listing Agreement with the Bombay Stock Exchange Limited.

- (b) Newspapers wherein results normally published : Business Standard (English) and Lokmat (Marathi, the regional language).
- (c) Any Website, where displayed : www.naperol.com; www.bseindia.com and www.sebiedifar.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 : 30th July, 2010 at 4.00 p.m.
Venue : Walchand Hirachand Hall (4th Floor),
IMC Building, IMC Marg,
Churchgate, Mumbai - 400 020

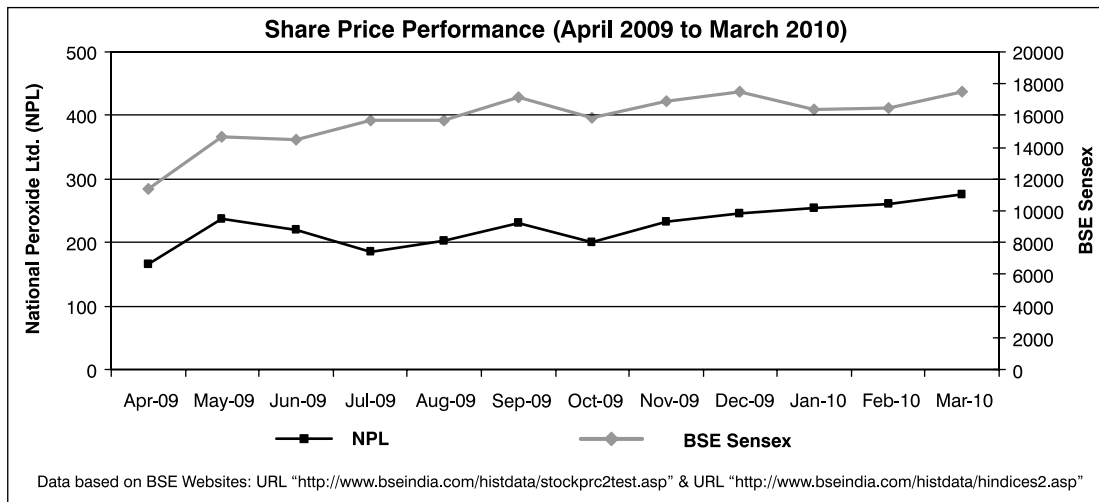
- (b) Financial Year:** The financial year is from 1st April to 31st March.
 Tentative Schedule:
 Results for quarter ending June 30, 2010 : Mid August, 2010
 Results for quarter ending September 30, 2010 : Mid November, 2010
 Results for quarter ending December 31, 2010 : Mid February, 2011
 Results for year ending March 31, 2011 : End May, 2011
 AGM for year ending March 31, 2011 : Mid August, 2011
- (c) Date of Book Closure** : 16th July, 2010 to 30th July, 2010 (both days inclusive)
- (d) Dividend Payment Date** : On or after 31st July, 2010
- (e) Listing on Stock Exchange** : The Company's shares are listed on the Bombay Stock Exchange Limited (BSE). The Company has paid the applicable listing fees to BSE, up to 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 Rs. 10/- per share):

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)
April 2009	214.10	145.10	134,986	3,334	24,100,633
May 2009	260.00	166.00	177,635	3,565	36,561,531
June 2009	248.90	195.00	101,375	2,111	22,158,389
July 2009	228.00	170.00	83,076	1,986	16,065,535
August 2009	209.85	166.00	66,783	1,557	12,578,340
September 2009	234.90	182.00	101,485	1,954	21,243,977
October 2009	232.95	196.55	61,026	1,189	12,696,747
November 2009	260.00	193.05	248,694	4,414	58,349,642
December 2009	249.70	200.00	245,538	5,145	55,298,159
January 2010	291.80	235.00	582,570	12,563	154,560,809
February 2010	269.35	238.10	147,423	3,505	37,811,310
March 2010	290.00	255.30	156,933	3,257	42,586,813

Data based on BSE website : (URL “<http://www.bseindia.com/histdata/stockprc2.asp>”)

(h) Stock Performance:





National Peroxide Limited

(i) Registrar and Transfer Agents:

Sharex Dynamic (India) Pvt. Ltd.

17/B, Dena Bank Building 2nd Floor, Horniman Circle Fort, Mumbai-400 001. Tel: 2270 2485 / 2264 1376	Unit No. 1, Luthra Industrial Premises Andheri Kurla Road, Safed Pool Andheri (E), Mumbai-400 072. Tel: 2851 5644 / 2851 5606
---	--

(j) Share Transfer System:

Share transfers in physical form are processed within the prescribed period of 30 days from the date of receipt, in case documents are complete in all respects. 3,175 shares were transferred during the financial year under review through 22 transfers. The Company has authorized certain executives to approve share transfers.

(k) (i) Distribution of Shareholding as on 31st March, 2010:

	Group of shares	No. of shareholders	No. of shares held	%age to total shares
1	to 50	2,930	94,710	1.65
51	to 100	1,096	98,418	1.71
101	to 250	3,478	5,17,894	9.01
251	to 500	474	1,89,461	3.30
501	to 1000	236	1,79,995	3.13
1001	to 5000	159	3,32,466	5.79
5001	to 10000	22	1,54,922	2.70
10001	and above	17	41,79,134	72.71
Total:		8,412	57,47,000	100.00

(ii) Category of Shareholders as on 31st March, 2010:

Category	No. of shares held	% age to total shares
Indian Promoters	24,27,569	42.24
Foreign Promoters	14,99,250	26.09
Banks	825	0.01
Mutual Funds	NIL	NIL
Private Corporate Bodies	2,63,134	4.58
Indian Public	15,21,268	26.47
NRI/OCB	22,280	0.39
Clearing Members	12,674	0.22
Total:	57,47,000	100.00

The Indian Promoter group comprises of Macrofil Investments Ltd., Archway Investments Co. Ltd., Nowrosjee Wadia & Sons Ltd., N. W. Exports Ltd., Ben Nevis Investments Ltd., Varnilam Investments & Trading Co. Ltd., Jehreen Investments Pvt. Ltd., and their holding companies/subsidiaries and associates; Mr. Nusli N. Wadia and his relatives in terms of Section 6 of the Companies Act, 1956. One of the foreign promoters, viz. Solvay et Cie S.A., holding 14,42,500 shares (25.10%) is not acting in concert with other Indian/Foreign Promoters.

(l) Dematerialisation of Shares and Liquidity:

66.19% of the outstanding Equity Shares have been dematerialised upto 31st March, 2010. 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) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity:

None

(n) 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, 2010, a sum of Rs.90,634/- to the Investor Education and Protection Fund (IEPF).

(o) Plant Location

: N.R.C. Road, P. O. Atali, Via Mohone,
Kalyan - 421 102, District Thane, Maharashtra.

(p) Address for Correspondence:

For Shares held in Physical Form : Sharex Dynamic (India) Pvt. Ltd. at the addresses 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: 2261 8071; Fax: 2266 5966.

(q) 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.

9. Non Mandatory Requirements:

(a) Office of the Chairman of the Board:

The Company does not defray any secretarial expenses of the Chairman's Office.

(b) Remuneration Committee:

As stated earlier, the Board has already set up a Remuneration Committee. Details regarding composition and scope of the Remuneration Committee are given at item 3(b) above.

(c) 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, 5th May, 2010

DECLARATION

As provided under Clause 49 of the Listing Agreement with Bombay Stock Exchange 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, 2010.

For NATIONAL PEROXIDE LIMITED

S. R. LOHOKARE
Managing Director

Mumbai, 5th May, 2010



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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange 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 substantially 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, 5th May, 2010

AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

1. We have audited the attached Balance Sheet of NATIONAL PEROXIDE LIMITED ("the Company"), as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (i) 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;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010;
 - (b) in the case of the Profit and Loss Account, 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.
5. On the basis of the written representations from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 5th May, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situations in most cases of such assets.
 - (b) As explained to us, most of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which provides for physical verification of all the fixed assets at intervals which, in our opinion, are reasonable. According to the information and explanation given to us, no material discrepancies were noted on such verification.
 - (c) During the year, the Company has not disposed off any substantial/major part of the fixed assets.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at intervals which, in our opinion, were reasonable.
 - (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 not granted any loans, secured or unsecured, during the year, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In respect of unsecured loan taken by the Company from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has taken loans aggregating Rs. 15,984,000 from one party during the year. At the year-end, the outstanding balance of such loans aggregated Rs. 14,484,000 and the maximum amount outstanding during the year amounted to Rs. 14,500,000.
 - (b) The rate of interest and the other terms and conditions of such loans are, in our opinion, prima facie not prejudicial in the interests of the Company.
 - (c) The payment of principal amount and interest in respect of such loans are as per stipulation.
- (vi) 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. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vii) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (viii) The Company has not accepted deposits from the public which are covered by the provisions of Sections 58A and 58 AA and the Companies' (Acceptance of Deposit) Rules, 1975.
- (ix) In our opinion, the internal audit functions carried out during the year by a professional firm appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (x) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of industrial gases, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

Annual Report 2009-2010

- (xi) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, State Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year. There are no undisputed amounts outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) There are no dues of Sales Tax, State Value Added Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and cess which have not been deposited as at 31st March, 2010 on account of any dispute, except as stated below:

Sr. no.	Nature of the dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
1	The Central Excise Act, 1944			
	Excise Duty	995,466	2006	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
	Excise Duty	155,006	2000-01	Commissioner (Appeals), Mumbai

- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xiii) In our opinion and according to the information and explanations given to us, no new term loans were taken during the year. In respect of the term loan outstanding, these were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xiv) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 5th May, 2010



National Peroxide Limited

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in '000	Rupees in '000	As at 31st March, 2009 Rupees in '000
(A) SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS				
(a) Share Capital.....	1	57,470		57,470
(b) Reserves and Surplus	2	729,045		634,272
			786,515	691,742
LOAN FUNDS				
(a) Secured Loans.....	3	—		151,941
(b) Unsecured Loans.....	4	14,484		13,000
			14,484	164,941
DEFERRED TAX LIABILITY (NET).....			130,450	134,379
(Refer Note 4, Schedule 15)				
	TOTAL		<u>931,449</u>	<u>991,062</u>
(B) APPLICATION OF FUNDS:				
FIXED ASSETS				
(a) Gross Block	5	1,729,083		1,765,312
(b) Less: Depreciation		908,265		894,722
(c) Net Block			820,818	870,590
(d) Capital Work-in-Progress [Including advances of Rs. 2,300 thousand (Previous year Rs. 205 thousand)]...			20,824	11,430
INVESTMENTS.....	6		12,733	12,733
CURRENT ASSETS, LOANS AND ADVANCES:				
(a) Inventories.....	7	78,997		90,727
(b) Sundry Debtors	8	174,295		149,420
(c) Cash and Bank Balances.....	9	9,354		1,615
(d) Loans and Advances	10	51,280		50,452
		313,926		292,214
LESS: CURRENT LIABILITIES AND PROVISIONS:				
(a) Liabilities	11	162,362		115,067
(b) Provisions.....	12	75,407		82,687
		237,769		197,754
NET CURRENT ASSETS			76,157	94,460
MISCELLANEOUS EXPENDITURE:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure				
(Refer Note 5, Schedule 15)			917	1,849
	TOTAL		<u>931,449</u>	<u>991,062</u>
Notes to Accounts and Significant Accounting Policies.....	15			
The schedules referred above form an integral part of the balance sheet				

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Z. F. Billimoria
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

Directors

Mumbai, 5th May, 2010

Mumbai, 5th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in '000	Rupees in '000	2008-2009 Rupees in '000
INCOME:				
Gross Sale of Products.....		1,317,893		1,516,794
Less: Excise Duty.....		98,837		166,814
Net Sales.....			1,219,056	1,349,980
Other Income.....	13		6,010	10,284
Total Income.....			1,225,066	1,360,264
EXPENDITURE:				
Manufacturing and Other Expenses.....	14		888,662	936,614
Interest:				
on loans for fixed period.....		7,600		18,827
on others.....		5,140		11,195
			12,740	30,022
Depreciation.....			83,083	82,073
Total Expenditure.....			984,485	1,048,709
PROFIT BEFORE TAX			240,581	311,555
Less: Provision for Tax:				
– Current tax			82,500	103,600
– Deferred tax			(3,929)	2,863
– Fringe Benefit tax			—	700
Add: Excess Provision for Taxes of Prior Years.....			—	2,066
PROFIT AFTER TAX			162,010	206,458
Add: Balance brought forward from Previous Year.....			486,122	367,601
AMOUNT AVAILABLE FOR APPROPRIATIONS.....			648,132	574,059
Appropriations:				
Proposed Dividend.....			57,470	57,470
Tax on Dividend.....			9,767	9,767
Transfer to General Reserve.....			16,250	20,700
Balance Carried to Balance Sheet.....			564,645	486,122
			648,132	574,059
Basic and Diluted Earnings Per Share (Rs.).....			28.19	35.92
(Refer Note 10, Schedule 15)				

Notes to Accounts and Significant Accounting Policies..... 15
The schedules referred above form an integral part of the profit and loss account

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Z. F. Billimoria
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

} Directors

Mumbai, 5th May, 2010

Mumbai, 5th May, 2010



National Peroxide Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs. in '000	2008-2009 Rs. in '000
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	240,581	311,555
Adjustments for:		
Depreciation	83,083	82,073
Interest expense	12,740	30,022
Interest income	(116)	(415)
Dividend income	(557)	(1,801)
Provision for Gratuity	(5,302)	2,064
Provision for Compensated Absences	(1,978)	2,183
(Profit) / loss on sale of Fixed Assets	(3,450)	(4,200)
Assets Written Off	2,806	—
Deferred Revenue Expenditure amortised	932	871
Operating Profit before Working Capital Changes	328,739	422,352
Adjustments for:		
Increase in Debtors	(24,875)	(1,005)
(Increase) / Decrease in Loans and Advances	789	(1,030)
(Increase) / Decrease in term deposits pledged with banks	(1,225)	1,754
(Increase) / Decrease in Inventories	11,730	(12,827)
Increase / (Decrease) in Current Liabilities	46,901	(1,911)
Cash generated from operations	362,059	407,333
Less: Taxes paid	(84,117)	(106,141)
Net Cash from Operating Activities (A)	277,942	301,192
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital work in progress)	(45,511)	(43,533)
Sale of Fixed Assets	3,450	4,200
Interest received	116	415
Dividend received	557	1,801
Net Cash Used in Investing Activities (B)	(41,388)	(37,117)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Term Loans	(97,550)	(146,277)
Unsecured Loan from Subsidiary (Net)	1,484	4,000
Cash Credit	(54,391)	(38,131)
Interest paid	(12,740)	(30,022)
Dividend and Tax on Dividend paid	(66,843)	(53,537)
Net Cash used in Financing Activities (C)	(230,040)	(263,967)
Net Increase in Cash and Cash equivalents (A+B+C)	6,514	108
Cash and Cash Equivalents – Opening balance	1,615	1,507
Cash and Cash Equivalents – Closing balance	8,129	1,615
Cash and Bank Balances – Closing balance (As per Schedule 9)	9,354	1,615
Less: Deposits with Banks (Pledged as Margin Money)	1,225	—
Cash and Cash Equivalents – Closing balance	8,129	1,615
Notes to Accounts and Significant Accounting Policies – Schedule 15		

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Z. F. Billimoria
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

Directors

Mumbai, 5th May, 2010

Mumbai, 5th May, 2010

SCHEDULES TO THE BALANCE SHEET

	Rupees in '000	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 1 – SHARE CAPITAL			
AUTHORISED			
25,000,000 Shares of Rs. 10 each		250,000	250,000
ISSUED, SUBSCRIBED AND PAID-UP			
5,747,000 Equity Shares of Rs. 10 each		57,470	57,470
Of the above:			
50,000 Shares allotted as fully paid-up pursuant to a contract without payment being received in cash.			
4,390,600 Shares allotted as fully paid bonus shares by capitalisation of General Reserve and Securities Premium account.			
 SCHEDULE 2 – RESERVES AND SURPLUS			
GENERAL RESERVE			
Balance as per last balance sheet.....	148,150		127,450
Add: Transfer from Profit and Loss Account.....	16,250		20,700
		164,400	148,150
PROFIT AND LOSS ACCOUNT BALANCE		564,645	486,122
		729,045	634,272



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees in '000	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 3 – SECURED LOANS			
LOANS AND ADVANCES FROM BANKS			
Term Loans	—		97,550
Cash Credits	—		54,391
Other Temporary Loans (buyers' credit facilities)	—		—
	<hr/>	—	<hr/>
		—	151,941
		<hr/>	<hr/>
		—	151,941

FOOTNOTES:

- (1) Term loans from banks are secured by a first and equitable charge on certain fixed assets of the Company at Kalyan, Maharashtra and include amounts repayable within a year aggregating Rs. Nil (Previous Year Rs. 68,620 thousand).
- (2) Cash credits and other demand loans from banks are secured by a second mortgage of all the Company's immovable properties and first charge by way of hypothecation of stocks and book debts.

SCHEDULE 4 – UNSECURED LOANS

Other than Short Term:

Inter-corporate Deposits from a Subsidiary	14,484	13,000
	<hr/>	<hr/>
	14,484	13,000

SCHEDULE 5 – FIXED ASSETS

(Rupees in '000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1.4.2009	Additions	Deductions	Closing as at 31.03.2010	Upto 31.03.2009	For the year	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.3.2009
Land : Freehold	589	—	—	589	—	—	—	—	589	589
Buildings	59,006	—	—	59,006	22,731	1,868	—	24,599	34,407	36,275
Plant & Machinery and Computers	1,693,525	35,743	72,346	1,656,922	862,787	80,814	69,540	874,061	782,861	830,737
Furniture & Fixtures and Office Equipments	12,192	374	—	12,566	9,204	401	—	9,605	2,961	2,989
Total	1,765,312	36,117	72,346	1,729,083	894,722	83,083	69,540	908,265	820,818	870,590
<i>Previous Year</i>	1,764,922	50,783	50,393	1,765,312	863,042	82,073	50,393	894,722	870,590	901,880

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees in '000	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 6 – INVESTMENTS			
Long Term:			
Trade Investments (Quoted) at Cost:			
2,97,940 Equity Shares of Rs. 10 each fully paid up in The Bombay Dyeing & Manufacturing Co. Ltd.....	7,802		7,802
2,50,440 Equity Shares of Rs. 10 each fully paid up in The Bombay Burmah Trading Corporation Ltd.....	2,374		2,374
	<u>10,176</u>		<u>10,176</u>
Non-Trade Investments (Quoted) at Cost:			
120 Equity Shares of Rs. 10 each fully paid up in Housing Development Finance Corporation Limited	2		2
500 Shares of Rs. 10 each fully paid up in HDFC Bank Limited.....	5		5
	<u>7</u>		<u>7</u>
Investments in the Subsidiary Company (Unquoted) at Cost:			
Naperol Investments Limited			
25,500 Equity Shares of Rs. 100 each fully paid up		2,550	2,550
		<u>12,733</u>	<u>12,733</u>
Quoted:			
Cost		10,183	10,183
Market Value		254,106	84,667
Unquoted:			
Cost		2,550	2,550
SCHEDULE 7 – INVENTORIES			
(at lower of Cost and Net Realisable Value)			
Stores, Spare Parts, and Packing Materials		39,312	47,353
Raw Materials.....		33,336	15,377
Finished Products.....		6,349	27,997
		<u>78,997</u>	<u>90,727</u>
SCHEDULE 8 – SUNDRY DEBTORS			
(Unsecured, considered good)			
Over six months old		—	1,775
Others		174,295	147,645
		<u>174,295</u>	<u>149,420</u>



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 9 – CASH AND BANK BALANCES		
Cash on hand.....	77	123
With Scheduled Banks:		
– on Current Account (Including Rs. 1,788 thousand for unpaid dividend (Previous Year Rs. 1,394 thousand)	8,052	1,492
– on Deposit Account (Pledged as Margin Money)	1,225	—
	9,354	1,615
	9,354	1,615
SCHEDULE 10 – LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for value to be received (including amount due from a subsidiary Company Rs. 40 thousand, Previous Year Rs. 189 thousand)	10,610	13,399
Loans to Employees	—	176
Advance Payment of Taxes including Fringe Benefit Tax (net of provision for taxes)	13,995	12,378
Sundry Deposits	21,294	17,801
Balances with Excise, Customs, etc.....	5,381	6,698
	51,280	50,452
	51,280	50,452
SCHEDULE 11 – LIABILITIES		
Sundry Creditors (Refer Note 9, Schedule 15)		
– Total outstanding dues from Micro, Small and Medium Enterprises..	3	—
– Total outstanding dues from Creditors other than Micro, Small and Medium Enterprises.....	146,466	99,340
Advance & Deposits received from Customers	6,939	7,546
Other Liabilities	7,126	6,787
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	1,788	1,394
Interest accrued but not due on loan from Subsidiary.....	40	—
	162,362	115,067
	162,362	115,067
SCHEDULE 12 – PROVISIONS		
Provision for Gratuity	—	5,302
Provision for Compensated Absences	8,170	10,148
Proposed Dividend.....	57,470	57,470
Tax on Dividend	9,767	9,767
	75,407	82,687
	75,407	82,687

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	Rupees in '000	Rupees in '000	2008-2009 Rupees in '000
SCHEDULE 13 – OTHER INCOME			
Interest on Deposits and Loans – (Gross, inclusive of Tax Deducted at Source Rs. 24 thousand; Previous Year Rs. 79 thousand)		116	415
Dividends (Long Term)			
On Trade Investments	548		1,794
On Other Investments	9		7
		557	1,801
Profit on Sale of Assets		3,450	4,200
Insurance Claims		—	90
Sale of Scrap		997	739
Sundry Receipts		340	3,039
Foreign Exchange Fluctuation (Net)		550	—
		<u>6,010</u>	<u>10,284</u>
SCHEDULE 14 – MANUFACTURING AND OTHER EXPENSES			
CONSUMPTION OF RAW MATERIALS		262,400	413,974
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries, Wages and Other Benefits	65,851		62,348
Contributions to Provident and Other Funds	6,724		12,783
Workmen and Staff Welfare Expenses	10,531		11,390
		83,106	86,521
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:			
Excise Duty (Change in Closing Stock)	(1,884)		506
Insurance	2,714		2,860
Rent	3,841		1,674
Rates and Taxes	3,735		1,975
Commission and Discount	2,760		3,354
Packing and Containers	137,937		112,451
Power, Fuel and Water	165,451		149,402
Stores and Spare Parts Consumed	54,012		44,585
Repairs and Maintenance – Buildings	900		4,119
Repairs and Maintenance – Machinery	30,450		15,896
Freight Outward	83,053		76,758
Sundry Expenses	31,201		29,490
		514,170	443,070
AUDITORS' REMUNERATION			
(i) Audit Fees	500		500
(ii) Other Matters	150		150
(iii) Service Tax (Excluding Rs. 67 thousand (Previous Year Rs. 70 thousand) which is claimed as input credit)	—		—
		650	650
Foreign Exchange Fluctuation (Net)		—	1,810
Bad Debts		—	981
Assets Written off		2,806	—
DEFERRED REVENUE EXPENDITURE – (Written-off) (Refer Note 5, Schedule 15)		932	871
COMMISSION TO NON-EXECUTIVE DIRECTORS		2,558	3,261
DIRECTORS SITTING FEES		392	349
(INCREASE) / DECREASE IN FINISHED PRODUCTS:			
Opening Stocks	27,997		13,124
Closing Stocks	6,349		27,997
		<u>21,648</u>	<u>(14,873)</u>
		<u>888,662</u>	<u>936,614</u>



SCHEDULE 15 – NOTES TO THE ACCOUNTS

1. Significant Accounting Policies:

(a) Basis of Accounting:

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

(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) 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.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

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. Extra shift depreciation is applied to applicable items of plant and machinery for days additional shifts are worked.

(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 assets'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 profit and loss account.

(e) Deferred Revenue Expenditure:

Monthly pension costs are amortised over the period of payment. (Refer Note 5 below).

(f) 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.

(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) Inventory:

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.

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)**(i) Revenue Recognition:**

Sales include products and services, 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 rights 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 Profit and Loss Account.

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 Profit and Loss Account.

(l) Employee Benefits:**(i) 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.

(ii) 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.

(iii) 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.

(iv) Defined-benefit plans

Expenses for defined-benefit gratuity are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. 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 Profit and Loss Account.

(v) 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 availment 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) Provisions and Contingencies:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event 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



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

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. A contingent asset is neither recognised nor disclosed.

(n) Cash Flow Statements:

Cash-flow statements are prepared in accordance with “Indirect Method” as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006.

(o) Earnings per Share:

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

2. Employee Benefits Obligations

(a) The Company has recognised the following amounts in the Profit and Loss Account as contribution under defined contribution schemes

	2009-10 Rs. in '000	2008-09 Rs. in '000
(i) Provident Fund	4,196	4,073
(ii) Superannuation Fund	2,904	3,108
(iii) ESIC	95	26

(b) Details of gratuity plan are as follows:

The amounts recognised in the balance sheet are as follows:

(i) Present value of funded obligations	32,652	33,774
(ii) Fair value of plan assets	(33,435)	(28,472)

Amounts in the Balance Sheet

Liabilities	—	5,302
Assets	783	—

The amounts recognised in the statement of profit and loss are as follows:

(i) Current service cost	1,588	1,329
(ii) Interest on obligation	2,179	2,083
(iii) Expected return on plan assets	(2,301)	(1,947)
(iv) Net actuarial losses/(gains) recognised in year	(2,249)	3,837
(v) Expenses recognized in the statement of profit and loss	(783)	5,302

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	33,774	27,833
(ii) Service cost	1,588	1,329
(iii) Interest cost	2,179	2,083
(iv) Actuarial losses / (gains)	(1,938)	4,077
(v) Benefits paid	(2,951)	(1,548)
(vi) Closing defined benefit obligation	32,652	33,774

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2009-10 Rs. in '000	2008-09 Rs. in '000
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.....	28,472	24,595
(ii) Expected return.....	2,301	1,947
(iii) Actuarial losses / (gains)	311	240
(iv) Contribution by employer	5,302	3,238
(v) Benefits paid	(2,951)	(1,548)
(vi) Closing fair value of plan assets.....	33,435	28,472

The major categories of plan assets as a percentage of total plan assets are as follows:

Category of Assets

(i) Government of India Securities	19%	1%
(ii) Corporate Bonds.....	32%	49%
(iii) Special Deposit Scheme	33%	39%
(iv) Others	16%	11%

Principal actuarial assumptions at the balance sheet date are as follows:

(i) Discount rate at 31st March.....	8.00% p.a.	6.65% 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.

	2005-06 Rs. in '000	2006-07 Rs. in '000	2007-08 Rs. in '000	2008-09 Rs. in '000	2009-10 Rs. in '000
Defined Benefit Obligation	19,342	23,445	27,833	33,774	32,652
Plan Assets	19,955	21,443	24,595	28,472	33,435
Surplus / (Deficit).....	613	(2,002)	(3,238)	(5,302)	783
Experience Adjustment on Plan Liabilities ...	—	739	1,210	1,720	1,294
Experience Adjustment on Plan Assets	—	222	2,737	240	311

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 2010-11 is Rs. 600 thousand.

As at 31.03.2010	As at 31.03.2009
Rs. in '000	Rs. in '000

3. Contingent Liabilities:

(a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (against which advance paid Rs. 2,300 thousand (Previous Year Rs. 205 thousand).....	37,015	1,608
(b) Income-tax matters in respect of earlier years under dispute as follows:		
Pending in appeal-matters decided against the Company	—	4,772
(c) Excise Duties – Pending in appeal-matters decided against the Company	1,150	1,150



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	As at 31.03.2010 Rs. in '000	As at 31.03.2009 Rs. in '000
4. Provision for Deferred Tax:		
The net deferred tax liability as on 31st March, 2010, comprises the following components:		
Deferred tax liability:		
Depreciation on fixed assets	133,164	137,828
Total	<u>133,164</u>	<u>137,828</u>
Deferred tax asset:		
Provision for Compensated Absences	(2,714)	(3,449)
Total	<u>(2,714)</u>	<u>(3,449)</u>
Net deferred tax liability	<u>130,450</u>	<u>134,379</u>
5. Out of the Deferred Revenue Expenditure recognised prior to 1st April, 2003, Rs. 932 thousand (Previous Year Rs. 871 thousand) has been charged to the Profit and Loss Account upon payment.		

6. 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	31/3/2010 Rs. in '000	31/3/2009 Rs. in '000
(A) Related Parties Naperol Investments Ltd.	Wholly owned Subsidiary	Loan taken: Closing Balance Maximum amount outstanding Loan taken during the year Other Loans and Advances Interest Expense	14,484 14,500 1,500 — 1,426	13,000 13,000 4,000 189 1,191
(B) Key Management Personnel Mr. S. R. Lohokare	Managing Director	Remuneration for the year (Refer Note No.7)	12,266	10,926

7. Managerial Remuneration :

	2009-2010 Rs. in '000	2008-2009 Rs.in '000
To Managing Director		
Salaries and Allowances	5,558	4,742
Performance Bonus / Commission	3,195	3,069
Provident and Other Funds	2,157	1,945
Monetary Value of Benefits	1,356	1,170
Total	<u>12,266</u>	<u>10,926</u>

The above excludes provision for Gratuity and Leave encashment for which separate amount is not available.

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)**8. Computation of net profits under Section 349 read with Section 198 of the Companies Act, 1956 and the Commission payable to Directors.**

	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Profit before tax as per Profit and Loss Account.....	240,581	311,555
Add: Remuneration to Managing Director	12,266	10,926
Commission to Directors other than Managing Director	2,558	3,261
Directors' sitting fees	392	349
Net Profit under Section 309(5).....	<u>255,797</u>	<u>326,091</u>
(1) Maximum permissible remuneration to the Managing Director @ 5% of the net profits per Section 309(3) of the Companies Act, 1956.....	12,790	16,305
(2) Maximum permissible Commission to Directors other than Managing Director @ 1% of the net profits per Section 309(4) of the Companies Act, 1956.....	2,558	3,621

9. (a) The identification of vendors as a "Supplier" under Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of information to the extent provided by the vendors to the company. This has been relied upon by the auditors.
- (b) Sundry Creditors include Rs. 3 thousand (Previous Year Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. There is no principal amount overdue nor any interest has been paid / payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the inquiries made by the Company for this purpose.

10. Earnings Per Share

	2009-2010	2008-2009
Net profit for the year (Rs. in '000)	162,010	206,458
Number of equity shares of face value of Rs. 10 each.....	5,747,000	5,747,000
Basic and Diluted Earnings Per Share on the above (Rs.)	28.19	35.92

11. Information Pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

	2009-2010		2008-2009	
	Quantity in Tonnes	Rupees in '000	Quantity in Tonnes	Rupees in '000
(a) Turnover:				
Manufactured Products:				
Hydrogen Peroxide (50%)	65,662	1,203,052	54,344	1,372,744
Sodium Perborate.....	432	31,557	327	23,293
Hydrogen Gas.....	4,044,574 MCM	83,284	4,785,220 MCM	120,757
		<u>1,317,893</u>		<u>1,516,794</u>
(b) Raw Materials:				
Consumed:				
Solvents and Chemicals.....	*	91,078	*	39,536
Naphtha	23	542	4,931	147,570
Natural Gas	480,743 MMBTU	165,054	211,448 MMBTU	179,342
Others	*	5,726	*	47,526
		<u>262,400</u>		<u>413,974</u>

* Comprise dissimilar items which cannot be practicably aggregated.



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2009-2010		2008-2009	
	Quantity in Tonnes	Rupees in '000	Quantity in Tonnes	Rupees in '000
(c) Stock of Finished Products:				
Opening				
Hydrogen Peroxide (50%)	1,634	26,928	810	12,539
Sodium Perborate.....	31	1,069	20	585
		<u>27,997</u>		<u>13,124</u>
Closing				
Hydrogen Peroxide (50%)	423	5,422	1,634	26,928
Sodium Perborate.....	23	927	31	1,069
		<u>6,349</u>		<u>27,997</u>
		2009-2010		2008-2009
		MT		MT
(d) Licensed Capacity per annum on continuous working basis:				
Hydrogen Peroxide (50%)		110,000		59,000
Sodium Perborate.....		1,500		1,500
Hydrogen (in million NM ³)		50.07		23.45
Installed Capacity per annum on continuous working basis: (As certified by the Managing Director)				
Hydrogen Peroxide (50%)		65,000		54,000
Sodium Perborate.....		1,500		1,500
Hydrogen (in million NM ³)		30.00		23.45
Production:				
Hydrogen Peroxide (50%)		64,451		55,168
Sodium Perborate.....		424		338
Hydrogen		26,410,859 NM ³		24,749,624 NM ³
(For Captive Consumption 23,182,235 NM ³ , Previous Year 20,562,556 NM ³)				
		(Rs. in '000)		(Rs. in '000)
(e) Imports on C.I.F. Basis:				
Raw Materials.....		82,483		47,328
Stores and Spare parts.....		4,830		2,148
Capital Goods		5,905		1,142
(f) 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:				
	2009-2010		2008-2009	
	Rs. in '000	%	Rs. in '000	%
Raw Materials				
Directly imported.....	74,995	29	54,950	13
Indigenously obtained	187,405	71	359,024	87
	<u>262,400</u>	<u>100</u>	<u>413,974</u>	<u>100</u>
Components, Stores and Spare Parts				
Directly imported.....	1,191	2	2,072	5
Indigenously obtained	52,821	98	42,513	95
	<u>54,012</u>	<u>100</u>	<u>44,585</u>	<u>100</u>

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

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2009-2010 Rs. in '000	2008-2009 Rs. in '000
(g) Expenditure in Foreign Currency:		
Membership & Subscription	217	584
Foreign Travel.....	308	59
	2009-2010	2008-2009
(h) Details of dividend remitted during the year in foreign currency:		
Amount remitted (Rs. in '000)	14,425	11,540
Number of Non-Resident Shareholders to whom remittance is made.....	1	1
Shares held by them.....	1,442,500	1,442,500
Relating to the period	2008-09	2007-08
	Rs. in '000	Rs. in '000
(i) FOB value of export		
Hydrogen Peroxide.....	2,327	3,071

12. 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 has not been furnished.

13. Foreign Currency Exposures:

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	2009-10		2008-09	
	(Rs. in '000)	(Fx in '000)	(Rs. in '000)	(Fx in '000)
Import of goods and services.....	11,464	USD 251	1,751	USD 34

Note : Fx = Foreign Currency; USD = US Dollar

14. Sundry expenses include an amount of Rs. 83 thousand (Previous Year – Rs. 88 thousand) paid to a firm in which partners of the audit firm are partners.

15. 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 31.03.2010 (Rs. in '000)	As at 31.03.2009 (Rs. in '000)
(a) Total of minimum lease payments for a period:		
– Not later than one year	1,204	834
– Later than one year but not later than five years	2,041	437
– Later than five years.....	—	—
(b) Lease payments recognised in the statement of profit and loss for the year.....	939	1,047

16. Previous year's figures have been regrouped where necessary to conform to current year's presentation.



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

17. Balance Sheet Abstract and Company's General Business Profile

(In terms of amendment to Schedule VI Part IV)

I. Registration Details

Registration No.	L	2	4	2	9	9	M	H	1	9	5	4	P	L	C	0	0	9	2	5	4
Balance Sheet Date	3 1			0 3			2 0 1 0			State Code: 1 1											
	Date			Month			Year														

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue					N	I	L	Rights Issue					N	I	L
Bonus Issue					N	I	L	Private Placement					N	I	L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities		9	3	1	4	4	9	Total Assets		9	3	1	4	4	9
-------------------	--	---	---	---	---	---	---	--------------	--	---	---	---	---	---	---

Source of Funds

Paid-up Capital			5	7	4	7	0	Reserves & Surplus		7	2	9	0	4	5
Secured Loans							0	Unsecured Loans			1	4	4	8	4
Deferred Tax Liability		1	3	0	4	5	0								

Application of Funds

Net Fixed Assets		8	4	1	6	4	2	Investments			1	2	7	3	3
Net Current Assets			7	6	1	5	7	Miscellaneous Expenditure					9	1	7
Accumulated Profits		5	6	4	6	4	5								

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income	1	2	2	5	0	6	6	Total Expenditure		9	8	4	4	8	5
(+) Profit/(-) Loss before tax	+	2	4	0	5	8	1	(+) Profit/(-) Loss after tax	+	1	6	2	0	1	0
Earning per share in Rs. Basic:			2	8	.	1	9	Dividend rate % (Proposed)					1	0	0

V. Generic Name of the Principal Products/Services of the Company

(as per monetary terms)

Item Code No.	2	8	4	7	0	0																
Product Description	H	y	d	r	o	g	e	n		P	e	r	o	x	i	d	e					
Item Code No.	2	5	2	8	9	0																
Product Description	S	o	d	i	u	m				P	e	r	b	o	r	a	t	e				

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

K. N. SUNTOOK

S. A. GAIKWAD
Company Secretary

NESS N. WADIA

J. S. BILIMORIA

Directors

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, 2010
3. Holding Company's Interest:	
Equity Capital:	
Number of Shares of Rs. 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, 2010:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Profit: Rs. 18.88 Lacs
(2) For the previous financial years of the Subsidiary.....	Profit: Rs. 183.11 Lacs
(b) Dealt with in the accounts of the Company for the year ended 31st March, 2010:	
(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	K. N. SUNTOOK	} Directors
<i>Managing Director</i>	NESS N. WADIA	
S. A. GAIKWAD	J. S. BILIMORIA	
<i>Company Secretary</i>		

Mumbai, 5th May, 2010

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF NATIONAL PEROXIDE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL PEROXIDE LIMITED AND ITS SUBSIDIARY

- We have audited the attached Consolidated Balance Sheet of NATIONAL PEROXIDE LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitutes "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. 27,358 thousand as at 31st March, 2010 and total revenues of Rs. 942 thousand and net cash inflow amounting Rs. 314 thousand 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 has been furnished to us, and our opinion in so far as it relates to amounts included in respect of the subsidiary, is based solely on the report of other auditor.
- We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified under the Companies (Accounting Standard) Rules, 2006.
- Based on our audit and on the consideration of the report on the separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, in our opinion, the 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 consolidated state of affairs of the Group as at 31st March, 2010;
 - in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date and
 - in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

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

Mumbai, 5th May, 2010



National Peroxide Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in '000	Rupees in '000	As at 31st March, 2009 Rupees in '000
(A) SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
(a) Share Capital.....	1	57,470		57,470
(b) Reserves and Surplus	2	<u>737,965</u>		<u>656,967</u>
			795,435	<u>714,437</u>
LOAN FUNDS				
Secured Loans.....	3		—	151,941
DEFERRED TAX LIABILITY (NET)..... (Refer Note 4, Schedule 14)			130,450	<u>134,379</u>
TOTAL			<u>925,885</u>	<u>1,000,757</u>
(B) APPLICATION OF FUNDS :				
FIXED ASSETS				
(a) Gross Block.....	4	1,729,083		1,765,312
(b) Less: Depreciation		<u>908,265</u>		<u>894,722</u>
(c) Net Block			820,818	<u>870,590</u>
(d) Capital Work-in-Progress [Including advances of Rs. 2,300 thousand (Previous Year Rs. 205 thousand)]			20,824	11,430
INVESTMENTS	5		10,183	10,183
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories.....	6	90,542		102,272
(b) Sundry Debtors	7	174,295		149,420
(c) Cash and Bank Balances.....	8	10,682		2,629
(d) Loans and Advances	9	<u>51,280</u>		<u>50,263</u>
		326,799		<u>304,584</u>
Less: CURRENT LIABILITIES AND PROVISIONS				
(a) Liabilities.....	10	162,350		115,095
(b) Provisions.....	11	<u>91,306</u>		<u>82,784</u>
		253,656		<u>197,879</u>
NET CURRENT ASSETS			73,143	106,705
MISCELLANEOUS EXPENDITURE:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure (Refer Note 5, Schedule 14)			917	<u>1,849</u>
TOTAL			<u>925,885</u>	<u>1,000,757</u>
Notes to Accounts and Significant Accounting Policies.....	14			

The schedules referred above form an integral part of the balance sheet

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Z. F. Billimoria
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

} Directors

Mumbai, 5th May, 2010

Mumbai, 5th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in '000	Rupees in '000	2008-2009 Rupees in '000
INCOME :				
Gross Sale of Products		1,317,893		1,516,794
Less: Excise Duty.....		<u>98,837</u>		<u>166,814</u>
Net Sales			1,219,056	1,349,980
Other Income	12		<u>6,952</u>	<u>13,112</u>
Total Income.....			<u>1,226,008</u>	<u>1,363,092</u>
EXPENDITURE :				
Manufacturing and Other Expenses.....	13		888,717	936,671
Interest:				
on loans for fixed period.....		7,600		17,636
on others		<u>3,714</u>		<u>11,195</u>
			11,314	28,831
Depreciation.....			<u>83,083</u>	<u>82,073</u>
Total Expenditure			<u>983,114</u>	<u>1,047,575</u>
PROFIT BEFORE TAX			242,894	315,517
Less: Provision for Tax:				
– Current tax			82,925	104,000
– Deferred tax.....			(3,929)	2,863
– Fringe Benefit Tax.....			—	700
Add: Excess Provision for Taxes of Prior Years.....			—	2,066
PROFIT AFTER TAX			<u>163,898</u>	<u>210,020</u>
Add : Balance brought forward from Previous Year			501,170	380,157
AMOUNT AVAILABLE FOR APPROPRIATIONS			<u>665,068</u>	<u>590,177</u>
Appropriations:				
Proposed Dividend.....			70,858	57,470
Tax on Dividend			12,042	9,767
Transfer to General Reserve.....			16,440	21,057
Transfer to Special Reserve under Section 45 IC of the Reserve Bank of India Act, 1934			378	713
Balance Carried to Balance Sheet			<u>565,350</u>	<u>501,170</u>
			<u>665,068</u>	<u>590,177</u>
Basic and Diluted Earnings Per Share (Rs.).....			28.52	36.54
(Refer Note 8, Schedule 14)				
Notes to Accounts and Significant Accounting Policies	14			
The schedules referred above form an integral part of the profit and loss account				

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered AccountantsZ. F. Billimoria
Partner

Mumbai, 5th May, 2010

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing DirectorS. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

} Directors

Mumbai, 5th May, 2010



National Peroxide Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs. in '000	2008-09 Rs. in '000
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax.....	242,894	315,517
Adjustments for:		
Depreciation.....	83,083	82,073
Interest expense.....	11,314	28,831
Interest income.....	(116)	(415)
Dividend income.....	(1,499)	(4,629)
Provision for Gratuity.....	(5,302)	2,064
Provision for Compensated Absences.....	(1,978)	2,183
(Profit)/Loss on sale of Fixed Assets.....	(3,450)	(4,200)
Assets Written Off.....	2,806	—
Deferred Revenue Expenditure amortised.....	932	871
Operating Profit before Working Capital Changes.....	328,684	422,295
Adjustments for		
Increase in Debtors.....	(24,875)	(1,005)
(Increase)/Decrease in Loans & Advances.....	600	(841)
(Increase)/Decrease in term deposits pledged with bank.....	(1,225)	1,754
(Increase)/Decrease in Inventories.....	11,730	(12,826)
Increase/(Decrease) in Current Liabilities.....	46,862	(1,910)
Cash generated from operations.....	361,776	407,467
Less: Taxes paid.....	(84,404)	(106,572)
Net Cash flow from Operating Activities (A).....	277,372	300,895
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress).....	(45,511)	(43,533)
Sale of Fixed Assets.....	3,450	4,200
Interest received.....	116	415
Dividend received.....	1,499	4,629
Net Cash Used in Investing Activities (B).....	(40,446)	(34,289)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Term Loans.....	(97,550)	(146,277)
Cash Credit.....	(54,391)	(38,131)
Interest paid.....	(11,314)	(28,831)
Dividend and Tax on Dividend paid.....	(66,843)	(53,537)
Net Cash from Financing Activities (C).....	(230,098)	(266,776)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C).....	6,828	(170)
Cash and Cash Equivalents — Opening balance.....	2,629	2,799
Cash and Cash Equivalents — Closing balance.....	9,457	2,629
Cash and Bank Balance — Closing balance (As per Schedule 8).....	10,682	2,629
Less: Deposits with Banks (Pledged as Margin Money).....	1,225	—
Cash and Cash Equivalents — Closing balance.....	9,457	2,629
Notes to Accounts and Significant Accounting Policies — Schedule 14		

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Z. F. Billimoria
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK

NESS N. WADIA

J. S. BILIMORIA

} Directors

Mumbai, 5th May, 2010

Mumbai, 5th May, 2010

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 1 – SHARE CAPITAL		
AUTHORISED		
25,000,000 Shares of Rs. 10 each.....	250,000	250,000
ISSUED, SUBSCRIBED AND PAID-UP		
5,747,000 Equity Shares of Rs. 10 each.....	57,470	57,470
Of the above:		
50,000 Shares allotted as fully paid-up pursuant to a contract without payment being received in cash.		
4,390,600 Shares allotted as fully paid bonus shares by capitalisation of General Reserve and Securities Premium.		
SCHEDULE 2 – RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
Balance as per last balance sheet.....	2	2
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934		
Balance as per last balance sheet.....	4,384	3,671
Add: Transfer from Profit and Loss Account.....	378	713
	4,762	4,384
GENERAL RESERVE		
Balance as per last account.....	151,411	130,354
Add: Transfer from Profit and Loss Account.....	16,440	21,057
	167,851	151,411
PROFIT AND LOSS ACCOUNT BALANCE	565,350	501,170
	737,965	656,967
SCHEDULE 3 – SECURED LOANS		
Loans and Advances from Banks :		
Term Loans	—	97,550
Cash Credits	—	54,391
	—	151,941
	—	151,941

NOTES:

- (1) Term loans from banks are secured by a first and equitable charge on certain fixed assets of the Company at Kalyan, Maharashtra and include amounts repayable within a year aggregating Rs. Nil (Previous Year Rs. 68,620 thousand).
- (2) Cash credits and other demand loans from banks are secured by a second mortgage of all the Company's immovable properties and first charge by way of hypothecation of stocks and book debts.



National Peroxide Limited

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 4 – FIXED ASSETS

(Rupees in '000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1.4.2009	Additions	Deductions	Closing As at 31.03.2010	Upto 31.03.2009	For the year	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.3.2009
Land : Freehold	589	—	—	589	—	—	—	—	589	589
Buildings	59,006	—	—	59,006	22,731	1,868	—	24,599	34,407	36,275
Plant & Machinery and Computers	1,693,525	35,743	72,346	1,656,922	862,787	80,814	69,540	874,061	782,861	830,737
Furniture & Fixtures and Office Equipments	12,192	374	—	12,566	9,204	401	—	9,605	2,961	2,989
Total	1,765,312	36,117	72,346	1,729,083	894,722	83,083	69,540	908,265	820,818	870,590
<i>Previous Year</i>	<i>1,764,922</i>	<i>50,783</i>	<i>50,393</i>	<i>1,765,312</i>	<i>863,042</i>	<i>82,073</i>	<i>50,393</i>	<i>894,722</i>	<i>870,590</i>	<i>901,880</i>

SCHEDULE 5 – INVESTMENTS

Long Term:

Trade Investments (Quoted) at Cost:

2,97,940 Equity Shares of Rs. 10 each fully paid up in The Bombay Dyeing & Manufacturing Co. Ltd.....	7,802	7,802
2,50,440 Equity Shares of Rs. 10 each fully paid up in The Bombay Burmah Trading Corporation Ltd.	2,374	2,374
	10,176	10,176

Other Investments (Quoted) at Cost:

120 Equity Shares of Rs. 10 each fully paid up in Housing Development Finance Corporation Limited	2	2
500 Shares of Rs. 10 each fully paid up in HDFC Bank Limited	5	5
	7	7
	10,183	10,183
Market Value	254,106	84,667

SCHEDULE 6 – INVENTORIES

(at lower of cost and net realisable value)

Stores, Spare Parts and Packing materials.....	39,312	47,353
Raw Materials	33,336	15,377
Finished Products	6,349	27,997
Stock-in-trade-Shares and Securities.....	11,545	11,545
	90,542	102,272

SCHEDULE 7 – SUNDRY DEBTORS

(Unsecured and considered good)

Over six months old	—	1,775
Others	174,295	147,645
	174,295	149,420

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

	Rupees in '000	As at 31.03.2009 Rupees in '000
SCHEDULE 8 – CASH AND BANK BALANCES		
Cash on hand.....	85	132
With Scheduled Banks :		
– on Current Account	9,372	2,497
– on Deposit Account	1,225	—
	<u>10,682</u>	<u>2,629</u>
SCHEDULE 9 – LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for value to be received.	10,610	13,210
Loans to Employees	—	176
Advance Payment of Taxes (net).....	13,995	12,378
Sundry Deposits	21,294	17,801
Balances with Excise, Customs etc.....	5,381	6,698
	<u>51,280</u>	<u>50,263</u>
SCHEDULE 10 – LIABILITIES		
Sundry Creditors	146,497	99,368
Deposits received from Customers.....	6,939	7,546
Other Liabilities	7,126	6,787
Investor Education and Protection Fund shall be credited by the following :		
Unclaimed Dividends	1,788	1,394
	<u>162,350</u>	<u>115,095</u>
SCHEDULE 11 – PROVISIONS		
Provision for Gratuity	—	5,302
Provision for Compensated Absences.....	8,170	10,148
Provision for Income Tax (net of Advance Tax).....	236	97
Proposed Dividend.....	70,858	57,470
Tax on Dividend	12,042	9,767
	<u>91,306</u>	<u>82,784</u>



National Peroxide Limited

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Rupees in '000	Rupees in '000	2008-2009 Rupees in '000
SCHEDULE 12 – OTHER INCOME			
Interest on Deposits and Loans – (Gross, inclusive of tax deducted at source Rs. 24 thousand; Previous Year Rs. 79 thousand)		116	415
Dividends (Long Term)			
On Trade Investments.....	548		1,794
On Other Investments.....	9		7
On Stock in Trade	942		2,828
		1,499	4,629
Profit on Sale of Assets (Net)		3,450	4,200
Insurance Claims		—	90
Sale of Scrap		997	739
Sundry Receipts		340	3,039
Foreign Exchange Fluctuation (Net).....		550	—
		<u>6,952</u>	<u>13,112</u>
SCHEDULE 13 – MANUFACTURING AND OTHER EXPENSES			
CONSUMPTION OF RAW MATERIALS		262,400	413,974
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			
Salaries, Wages and Other Benefits	65,851		62,348
Contributions to Provident and Other Funds	6,724		12,783
Workmen and Staff Welfare Expenses	10,531		11,390
		83,106	86,521
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES :			
Excise Duty (Relating to Closing Stock)	(1,884)		506
Insurance.....	2,714		2,860
Rent	3,841		1,674
Rates and Taxes.....	3,735		1,975
Commission and Discount.....	2,760		3,354
Packing and Containers.....	137,937		112,451
Power, Fuel and Water.....	165,451		149,402
Stores and Spare Parts Consumed.....	54,012		44,585
Repairs and Maintenance – Buildings	900		4,119
Repairs and Maintenance – Machinery	30,450		15,896
Freight Outward	83,053		76,758
Sundry Expenses.....	31,229		29,498
		514,198	443,078
Auditors' Remuneration :			
(i) Audit Fees	527		525
(ii) Other Matters	150		167
(iii) Service Tax (Excluding Rs. 67 thousand (Previous Year Rs. 70 thousand) which is claimed as input credit)	—		6
		<u>677</u>	<u>698</u>

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd.)

	Rupees in '000	Rupees in '000	2008-2009 Rupees in '000
SCHEDULE 13 – MANUFACTURING AND OTHER EXPENSES (Contd.)			
FOREIGN EXCHANGE FLUCTUATION (NET)		—	1,810
Bad Debts		—	981
Assets Written off		2,806	—
DEFERRED REVENUE EXPENDITURE — (Written-off) (Refer Note 5, Schedule 14)		932	871
COMMISSION TO NON- EXECUTIVE DIRECTORS		2,558	3,261
DIRECTORS' SITTING FEES.....		392	349
(INCREASE)/DECREASE IN FINISHED PRODUCTS :			
Opening Stocks	27,997		13,124
Closing Stocks	6,349		27,997
		21,648	(14,873)
Difference in Value of Investments :			
Opening Stocks	11,545		11,546
Closing Stocks	11,545		11,545
		—	1
		<u>888,717</u>	<u>936,671</u>

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS**1. Significant Accounting Policies****(a) Basis of Accounting:**

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

(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 wholly owned subsidiary company.
- ii) The subsidiary considered in the financial statements is —

Name of the Company	Country of Incorporation	% Voting power held
As at 31.3.2010 and 31.3.2009		
Naperol Investments Limited	India	100

(c) 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.



SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

(d) Fixed assets and depreciation:

Tangible fixed assets acquired by the Group 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.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

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. Extra shift depreciation is applied to applicable items of plant and machinery for days additional shifts are worked.

(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 Group's fixed assets. If any indication exists, an assets 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 profit and loss account.

(f) Deferred Revenue Expenditure:

Monthly pension costs are amortised over the period of payment. (Refer note 5 below)

(g) 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.

(h) 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.

(i) Inventory:

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.

Shares and Securities held as Stock-in-trade are valued at the lower of cost and market value.

(j) Revenue Recognition:

Sales include products and services, 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 rights 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 is recognised when the right to receive such dividend is established. Interest on securities is recognised evenly over the period of the instrument.

(k) 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.

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)**(l) 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 Profit and Loss Account.

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 Profit and Loss Account.

(m) Employee Benefits:**(i) 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 Group.

(ii) Long-term Employee Benefits

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

(iii) 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.

(iv) Defined-benefit plans

Expenses for defined-benefit gratuity are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. 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 Profit and Loss Account.

(v) 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 availment 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.

(n) 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".

(o) Provisions and Contingencies:

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event 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. A contingent asset is neither recognised nor disclosed.

(p) Cash Flow Statements:

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) as notified under the Companies (Accounting Standards) Rules, 2006.

(q) Earnings per Share:

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.



SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	As at 31.3.2010 Rs. in '000	As at 31.3.2009 Rs. in '000
2. Contingent Liabilities :		
a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (against which advance paid Rs. 2,300 thousand (Previous year Rs. 205 thousand))	37,015	1,608
b) Income-tax matters in respect of earlier years under dispute as follows: Pending in appeal-matters decided against the Company.....	—	4,772
c) Excise duties - Pending in appeal-matters decided against the Company.....	1,150	1,150
3. Employee Benefits Obligations	2009-10 Rs. in '000	2008-09 Rs. in '000
a) The Group has recognised the following amounts in the Profit and Loss Account as contribution under defined contribution schemes		
(i) Provident Fund	4,196	4,073
(ii) Superannuation Fund	2,904	3,108
(iii) ESIC	95	26
b) Details of gratuity plan are as follows:		
The amounts recognised in the balance sheet are as follows:		
(i) Present value of funded obligations	32,652	33,774
(ii) Fair value of plan assets	(33,435)	(28,472)
Amounts in the Balance Sheet		
Liabilities	—	5,302
Assets.....	783	—
The amounts recognised in the statement of profit and loss are as follows:		
(i) Current service cost	1,588	1,329
(ii) Interest on obligation	2,179	2,083
(iii) Expected return on plan assets	(2,301)	(1,947)
(iv) Net actuarial losses/(gains) recognised in year	(2,249)	3,837
(v) Expenses recognized in the statement of profit and loss.....	(783)	5,302
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	33,774	27,833
(ii) Service cost	1,588	1,329
(iii) Interest cost	2,179	2,083
(iv) Actuarial losses/(gains)	(1,938)	4,077
(v) Benefits paid	(2,951)	(1,548)
(vi) Closing defined benefit obligation	32,652	33,774
Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
(i) Opening fair value of plan assets	28,472	24,595
(ii) Expected return	2,301	1,947
(iii) Actuarial losses/(gains)	311	240
(iv) Contribution by employer	5,302	3,238
(v) Benefits paid	(2,951)	(1,548)
(vi) Closing fair value of plan assets.....	33,435	28,472
The major categories of plan assets as a percentage of total plan assets are as follows:		
Category of Assets	2009-10	2008-09
(i) Government of India Securities	19%	1%
(ii) Corporate Bonds.....	32%	49%
(iii) Special Deposit Scheme	33%	39%
(iv) Others	16%	11%

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	2009-10	2008-09
Principal actuarial assumptions at the balance sheet date are as follows:		
(i) Discount rate at 31st March	8.00% p.a.	6.65% 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.

	2005-06 Rs. in '000	2006-07 Rs. in '000	2007-08 Rs. in '000	2008-09 Rs. in '000	2009-10 Rs. in '000
Defined Benefit Obligation	19,342	23,445	27,833	33,774	32,652
Plan Assets	19,955	21,443	24,595	28,472	33,435
Surplus/(Deficit).....	613	(2,002)	(3,238)	(5,302)	783
Experience Adjustment on Plan Liabilities	—	739	1,210	1,720	1,294
Experience Adjustment on Plan Assets	—	222	2,737	240	311

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 2010-11 is Rs. 600 thousand.

	As at 31.3.2010 Rupees in '000	As at 31.3.2009 Rupees in '000
4. Provision for Deferred Tax:		
The net deferred tax liability as on 31st March, 2010, comprises the following components :		
Deferred tax liability :		
Depreciation on fixed assets	133,164	137,828
Total	<u>133,164</u>	<u>137,828</u>
Deferred tax asset :		
Provision for Compensated Absences.....	(2,714)	(3,449)
Total	<u>(2,714)</u>	<u>(3,449)</u>
Net deferred tax liability	<u>130,450</u>	<u>134,379</u>

5. Out of the Deferred Revenue Expenditure recognised prior to 1st April, 2003, Rs. 932 thousand (Previous Year Rs. 871 thousand) has been charged to the Profit and Loss Account upon payment.

6. 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	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
Mr. S. R. Lohokare	Managing Director	Remuneration for the year	12,266	10,926



National Peroxide Limited

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

7. 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.

	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
Information about Primary Business Segments		
1. SEGMENT REVENUE		
Peroxygen	1,220,943	1,353,848
Others	942	2,828
Unallocated	4,123	6,416
Total Revenue	<u>1,226,008</u>	<u>1,363,092</u>
2. SEGMENT RESULTS (Profit before Interest and Tax)		
Peroxygen	249,198	335,161
Others	887	2,771
Unallocated:		
Interest Paid.....	(11,314)	(28,831)
Other Income	673	2,216
Profit/(Loss) on sale of assets	3,450	4,200
	<u>(7,191)</u>	<u>(22,415)</u>
Profit before Taxes.....	242,894	315,517
Less: Provision for taxes	(78,996)	(105,497)
Profit after Taxes.....	<u>163,898</u>	<u>210,020</u>
3. OTHER INFORMATION		
(i) SEGMENT ASSETS:		
Peroxygen	1,142,491	1,163,516
Others	12,873	12,559
Unallocated.....	24,178	22,561
Total.....	<u>1,179,542</u>	<u>1,198,636</u>
(ii) SEGMENT LIABILITIES:		
Peroxygen	162,323	115,067
Others	27	28
Unallocated.....	221,757	369,104
Total	<u>384,107</u>	<u>484,199</u>
(iii) CAPITAL EXPENDITURE:		
Peroxygen	45,511	43,449
Others	—	—
Unallocated.....	—	—
Total.....	<u>45,511</u>	<u>43,449</u>
(iv) DEPRECIATION:		
Peroxygen	83,083	82,073
Others	—	—
Unallocated.....	—	—
Total.....	<u>83,083</u>	<u>82,073</u>
(v) NON CASH EXPENDITURE OTHER THAN DEPRECIATION:		
Peroxygen	—	981
Others	—	—
Unallocated.....	2,806	—
Total.....	<u>2,806</u>	<u>981</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.

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)**8. Earning Per Share:**

	2009-2010	2008-2009
a. Net profit for the year (Rs. in '000)	163,898	210,020
b. Number of equity shares of face value of Rs. 10 each	5,747,000	5,747,000
c. Basic and Diluted Earnings Per Share on the above (Rs.)	28.52	36.54

9. 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:

	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
a) Total of minimum lease payments for a period:		
– Not later than one year	1,204	834
– Later than one year but not later than five years	2,041	437
– Later than five years	—	—
b) Lease payments recognised in the statement of Profit and Loss for the year.	939	1,047

10. Foreign Currency Exposures:

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	2009-10		2008-09	
	(Rs. in '000)	(Fx in '000)	(Rs. in '000)	(Fx in '000)
Import of goods and services	11,464	USD 251	1,751	USD 34

Note : Fx = Foreign Currency; USD = US Dollar

11. Previous year's figures have been regrouped where necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

S. R. LOHOKARE <i>Managing Director</i>	K. N. SUNTOOK	}	<i>Directors</i>
	NESS N. WADIA		
S. A. GAIKWAD <i>Company Secretary</i>	J. S. BILIMORIA		

Mumbai, 5th May, 2010



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 31st March, 2010.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2010 (Rupees)	For the year ended 31st March, 2009 (Rupees)
Operating Profit for the year	23,12,741	39,62,225
Less : Provision for Tax	4,25,000	4,00,000
Profit after Tax	18,87,741	35,62,225
Add : Profit brought forward from previous year	1,50,49,630	1,25,57,405
Profit available for appropriation	<u>1,69,37,371</u>	<u>1,61,19,630</u>
Appropriations		
Proposed Dividend	1,33,87,500	—
Corporate Dividend Tax	22,75,206	—
Transferred to General Reserves	1,90,000	3,57,000
Transferred to Regulated Reserve Fund (NBFC)	3,78,000	7,13,000
Balance carried to Balance Sheet	7,06,665	1,50,49,630
	<u>1,69,37,371</u>	<u>1,61,19,630</u>

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of Rs. 525/- per equity share of Rs. 100/- each for the year ended 31st March, 2010 to be paid, if declared by the members at the forthcoming Annual General Meeting.

3. FIXED DEPOSITS

No deposits from the Public were accepted and were outstanding with the Company during the year ended 31st March, 2010.

4. DIRECTORS

Mr. R. S. Gandhi retires by rotation and being eligible offers himself for re-appointment.

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 -

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

- 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 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010;
- 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;
- 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 the current year at a 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 PRACTISING 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, 30th April, 2010

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 31st March, 2010. 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:

- 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.
- The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, (Maharashtra). However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.

- 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.
- The Board of Directors duly met 4 (four) times for the meetings held on 08.05.2009, 20.07.2009, 28.10.2009 and 27.01.2010 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.
- 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.
- The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 20th July, 2009 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.
- No Extra Ordinary General Meetings were held during the financial year under review.

NAPEROL INVESTMENTS LIMITED

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, during the financial year under review.
9. The Company has not entered into any Contracts within the meaning of Section 297 of the Act during the financial year under review and hence no comment is invited.
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) the Company was not required to deposit any amount in separate Bank Account as no dividend was declared during the financial year under review;
 - (iii) the Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year under review;
 - (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 no appointment of additional directors, alternate directors and directors to fill casual vacancy, 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 (Maharashtra) 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.
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 retained investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
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. 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. During the financial year under review the Company was not required to deposit any amount to a separate Bank Account pursuant to Section 418 of the Act.

Place : Mumbai
Date : 30th April, 2010

(NILESH G. SHAH)
Company Secretary
C.P No.: 2631

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

Place : Mumbai
Date : 30th April, 2010

(NILESH G. SHAH)
Company Secretary
C.P No.: 2631

Annexure B

Sr. No.	Form No./Return	Filed under Section	For	Date of Filing and SRN No.	If delay in filing whether requisite additional fee paid Yes/No.
1.	Form No. 23AC and 23ACA (Annual Accounts)	210	The year ending 31st March, 2009	12.08.2009 SRN P33744103	N.A.
2.	Form No. 66 (Compliance Certificate)	383A	The year ending 31st March, 2009	06.08.2009 SRN P33633728	N.A.
3.	Form No. 20B (Annual Return)	159, 160, 161	Upto the date of AGM i.e. 20th July, 2009	06.08.2009 SRN P33634759	N.A.

Place : Mumbai
Date : 30th April, 2010

(NILESH G. SHAH)
Company Secretary
C.P No.: 2631



NAPEROL INVESTMENTS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF NAPEROL INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of **NAPEROL INVESTMENTS LIMITED**, as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) 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;
- (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010;
 - (b) in the case of the Profit and Loss Account, 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.
5. On the basis of the written representations from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, April 30, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/activities during the year is such that, clauses (ii), (viii), (xi), (xiii), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) The Company does not have any fixed assets.
- (iii) In respect of unsecured loan granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) Loans aggregating Rs. 14,500,000 were granted to one party. At the year-end, the outstanding balances of loans aggregated Rs. 14,524,674 (including interest Rs. 40,674) and the maximum amount outstanding during the year amounted to Rs. 14,524,674 (including interest Rs. 40,674).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The repayment of principal amount and interest has during the year been as per stipulations.
 - (d) There are no overdue amounts outstanding at the year-end.
- (iv) The Company has not taken any loans, secured or unsecured, during the year, 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 are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase and sale of stock-in-trade. The nature of the Company's business is such that it does not involve sale of services. During the course of our audit, we have not observed any major weaknesses in such internal control systems.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) The Company has not accepted deposits from the public which are covered by the provisions of Sections 58A and 58AA and the Companies' (Acceptance of Deposits) Rules, 1975.
- (viii) 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.
- (ix) According to the information and explanations given to us in respect of statutory and other dues:
 - (a) There were no dues on account of Provident Fund, Service Tax, Investor Education and Protection Fund, Employee State Insurance, Work Contract Tax, Wealth Tax, Sales Tax, State VAT, Custom Duty, Excise Duty & Cess that were payable during the year. However, there were no delays noticed in depositing the undisputed Income Tax dues with the appropriate authorities.
 - (b) There are no dues on account of Service Tax, Income Tax, Wealth Tax, and Cess which have not been deposited as at 31st March, 2010 on account of any dispute.
- (x) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) During the year covered by our audit, the Company has not entered into any transaction or contracts in respect of shares, securities, debentures and other investments. In respect of investments held by the Company during the year, the securities have been held in its own name.
- (xiii) According to the information and explanations given to us, there have been no guarantees given by the Company for loans taken by others from banks and financial institutions.
- (xiv) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, April 30, 2010

NAPEROL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	Rupees	Rupees	As at 31.03.2009 Rupees
I. SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
(a) Share Capital.....	1	2,550,000		2,550,000
(b) Reserves and Surplus.....	2	<u>8,921,258</u>		<u>22,696,223</u>
			11,471,258	<u>25,246,223</u>
TOTAL			<u>11,471,258</u>	<u>25,246,223</u>
II. APPLICATION OF FUNDS :				
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Stock-in-trade	3	11,545,321		11,545,321
(b) Cash and Bank Balances	4	1,328,201		1,014,490
(c) Loans and Advances.....	5	<u>14,524,674</u>		<u>13,000,000</u>
		27,398,196		<u>25,559,811</u>
LESS : CURRENT LIABILITIES AND PROVISIONS.....	6	<u>15,926,938</u>		<u>313,588</u>
NET CURRENT ASSETS.....			11,471,258	<u>25,246,223</u>
TOTAL			<u>11,471,258</u>	<u>25,246,223</u>
Notes to Accounts	7			

As per our report attached.

For Nanubhai & Co.
Chartered AccountantsAbhay D. Desai
Partner

Mumbai, 30th April, 2010

For and on behalf of the Board of Directors

S. S. KELKAR

R. S. GANDHI

S. R. LOHOKARE

} Directors

Mumbai, 30th April, 2010



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees	Rupees	2008-2009 Rupees
INCOME :			
Dividend		941,700	2,827,801
Interest on Advance (Gross, Inclusive of Tax Deducted at Source Rs. 245,264: Previous year Rs. 186,408)		1,426,390	1,190,601
Other Income		—	—
		<u>2,368,090</u>	<u>4,018,402</u>
EXPENDITURE :			
Difference in values of investments			
Opening Stock	11,545,321		11,546,099
Less : Closing Stock	<u>11,545,321</u>		<u>11,545,321</u>
		—	778
Auditors' Remuneration :			
Audit Fees (inclusive of service tax of Rs. 2,575: Previous year Rs. 2,575)	27,575		27,575
In Other Capacity (Inclusive of service tax of Nil: Previous year Nil)	<u>—</u>		<u>19,663</u>
		27,575	47,238
Legal & Professional Charges		25,374	5,618
General Expenses		<u>2,400</u>	<u>2,543</u>
		55,349	56,177
PROFIT BEFORE TAX		2,312,741	3,962,225
Less : Provision for Current Tax		<u>425,000</u>	<u>400,000</u>
PROFIT AFTER TAX		1,887,741	3,562,225
Add : Balance Brought Forward		<u>15,049,630</u>	<u>12,557,405</u>
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>16,937,371</u>	<u>16,119,630</u>
APPROPRIATIONS:			
Proposed Dividend		13,387,500	—
Tax on Dividend		2,275,206	—
Transfer to General Reserve		190,000	357,000
Transfer to Special Reserve Under Section 45 IC of the Reserve Bank of India Act, 1934		<u>378,000</u>	<u>713,000</u>
BALANCE CARRIED TO BALANCE SHEET		<u>706,665</u>	<u>15,049,630</u>
Earnings per Share (Refer Note 4)		74.03	139.70
Notes to Accounts – (Schedule 7)			

As per our report attached.

For Nanubhai & Co.
Chartered Accountants

Abhay D. Desai
Partner

Mumbai, 30th April, 2010

For and on behalf of the Board of Directors

S. S. KELKAR

R. S. GANDHI

S. R. LOHOKARE

Directors

Mumbai, 30th April, 2010

NAPEROL INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 Rupees	2008-2009 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	2,312,741	3,962,225
Operating Profit before Working Capital Changes	2,312,741	3,962,225
Adjustments for		
(Increase)/Decrease in Interest/Dividend Accrued	—	—
(Increase)/Decrease in Loans & Advances	(1,484,000)	(4,000,000)
(Increase)/Decrease in Inventories	—	778
Increase/(Decrease) in Current Liabilities	(188,898)	188,383
Cash generated from operations	639,843	151,386
Less: Taxes paid	(530,722)	(429,620)
Net Cash flow from Operating Activities (A)	109,121	(278,234)
B CASH FLOW FROM INVESTING ACTIVITIES: (B)	—	—
C CASH FLOW FROM FINANCING ACTIVITIES: (C)	—	—
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	109,121	(278,234)
Cash and Cash Equivalents – Opening balance as at 01-04-2009 – As per Schedule 4 ...	1,014,490	1,292,724
Cash and Cash Equivalents – Closing balance as at 31-03-2010 – As per Schedule 4	1,328,201	1,014,490

As per our report attached.

For Nanubhai & Co.
Chartered AccountantsAbhay D. Desai
Partner

Mumbai, 30th April, 2010

For and on behalf of the Board of Directors

S. S. KELKAR

R. S. GANDHI

S. R. LOHOKARE

} Directors

Mumbai, 30th April, 2010

SCHEDULES TO THE BALANCE SHEET

	Rupees	Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 – SHARE CAPITAL			
AUTHORISED			
49,982 Equity Shares of Rs. 100/- each	4,998,200		4,998,200
18, 11% Non-Cumulative Redeemable Preference shares of Rs. 100/- each ...	1,800		1,800
		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP			
25,500 Equity shares of Rs. 100/- each		2,550,000	2,550,000
Note : All the above Equity Shares are held by National Peroxide Limited, the Holding Company, jointly with its Nominees.			
SCHEDULE 2 – RESERVES AND SURPLUS			
CAPITAL REDEMPTION RESERVE			
Balance as per last account		1,800	1,800
GENERAL RESERVE			
Balance as per last account	3,260,869		2,903,869
Add : Amount transferred from Profit and Loss Account	190,000		357,000
		3,450,868	3,260,869
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934			
Balance as per last account	4,383,925		3,670,925
Add : Amount transferred from Profit and Loss Account	378,000		713,000
		4,761,925	4,383,925
PROFIT AND LOSS ACCOUNT		706,665	15,049,630
		8,921,258	22,696,224



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

SCHEDULE 3 - STOCK-IN-TRADE

Sr. No.	Name of the Company	Face Value (Rs.)	Opening Stock (1-4-2009)		Purchases/Conversion		Sales/Conversion		Closing Stock (31-3-2010)	
			Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)
	Shares (Quoted): (Fully paid-up)									
1.	The Bombay Dyeing & Manufacturing Company Limited	10	81,240	2,459,624	—	—	—	—	81,240	2,459,624
2.	The Bombay Burmah Trading Corporation Limited	10	841,680	8,814,494	—	—	—	—	841,680	8,814,494
3.	Larsen and Toubro Limited	2	8	122	—	—	—	—	8	122
4.	Technojit Consultants Limited	10	3,000	31,038	—	—	—	—	3,000	31,038
5.	ABB Limited	2	60	493	—	—	—	—	60	493
6.	Tata Chemicals Limited	10	56	1,683	—	—	—	—	56	1,683
7.	Finolex Cables Limited	2	50	238	—	—	—	—	50	238
8.	ACC Limited	10	300	9,030	—	—	—	—	300	9,030
9.	Colgate Palmolive India Limited	1	66	163	—	—	—	—	66	163
10.	J. K. Synthetics Limited	10	466	918	—	—	—	—	466	918
11.	J. K. Cement Limited	10	46	—	—	—	—	—	46	—
12.	ORG Infomatics Limited	10	7	18	—	—	—	—	7	18
13.	ICICI Bank Limited	10	933	51,200	—	—	—	—	933	51,200
14.	ALSTOM Project India Limited	10	12	—	—	—	—	—	12	—
15.	UltraTech Cement Limited	10	1	—	—	—	—	—	1	—
				11,369,021	—	—	—	—	11,369,021	
	Shares (Unquoted): (Fully paid-up)									
1.	B. R. T. Limited	100	1,000	137,000	—	—	—	—	1,000	137,000
				137,000	—	—	—	—	137,000	
	Debentures (Unquoted): (Fully paid-up)									
1.	Zero % Unsecured Fully Convertible Debentures in Sunflower Investments and Textiles Private Limited	100	393	39,300	—	—	—	—	393	39,300
				39,300	—	—	—	—	39,300	
	GRAND TOTAL			11,545,321	—	—	—	—	11,545,321	

NAPEROL INVESTMENTS LIMITED**SCHEDULES TO THE BALANCE SHEET (Contd.)**

	Rupees	As at 31.03.2009 Rupees
SCHEDULE 4 – CASH AND BANK BALANCES		
Cash in hand	7,772	9,672
Current Account with Scheduled Bank	1,320,429	1,004,818
	<u>1,328,201</u>	<u>1,014,490</u>
SCHEDULE 5 – LOANS AND ADVANCES		
Interest Accrued on loan to Holding Company	40,674.00	—
Advance to Holding Company	14,484,000	13,000,000
	<u>14,524,674</u>	<u>13,000,000</u>
SCHEDULE 6 – CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors (Refer note 7 in Notes to the Account)	27,575	216,473
Provision for Tax (Net of Advance Tax).....	236,657	97,115
Proposed Dividend.....	13,387,500	—
Tax on Dividend.....	2,275,206	—
	<u>15,926,938</u>	<u>313,588</u>

SCHEDULE 7 – NOTES TO THE ACCOUNTS**1. Significant Accounting Policies :**

(a) Basis of Accounting:

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

(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) Stock-in-trade:

Stock-in-trade is valued at the lower of cost and market value.

(d) Dividend/Interest:

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.

2. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 has not been furnished as the same is not applicable.



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

3. Related Party Disclosures

Related party disclosures, as required by AS-18, “Related Party Disclosures”, are given below:
The following transactions were carried out with related parties in the ordinary course of business.

Related Parties	Nature of Relationship	Nature of Transactions	31.03.2010	31.03.2009
National Peroxide Limited	Holding Company	Loan given:		
		Closing Balance	14,484,000	13,000,000
		Maximum amount outstanding	14,500,000	13,000,000
		Loan given during the year	1,484,000	4,000,000
		Interest Received	1,426,390	1,190,601
		Sundry Creditors	—	188,898

4. Earning Per Share of Face Value of Rs. 100 each:

	2009-2010	2008-2009
Net profit for the year (Rs.)	1,887,741	3,407,499
Number of ordinary shares	25,500	25,500
Face Value of Equity Share (Rs.)	100	100
Basic & Diluted Earnings per Share	74.03	133.63

5. Segment Information:

The Company operates in a single reportable business segment viz. Investment and also it operates in a single geographic segment viz India. Therefore, information required by the Accounting Standard on “Segment Reporting” (AS) - 17 has not been disclosed.

6. Schedule of Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 9BB of Non-Banking Companies Prudential Norms (Reserve Bank) Directions, 1998.

The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular (Ref. No. DNBS. 193 DG(VL) – 2007 dated February 22, 2007.

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

Particulars	Amount in Rs.	
	Amount outstanding	Amount overdue
Particulars Liabilities side:		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Nil	Nil
(a) Debentures : Secured	—	—
: Unsecured (other than falling within the meaning of public deposits*)	—	—
(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

NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

Particulars Assets side :	Amount in Rs. Amount outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	—
(b) Unsecured	14,484,000
(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)	Nil
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	11,369,021
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted :	
(i) Shares : (a) Equity	137,000
(b) Preference	—
(ii) Debentures and Bonds	39,300
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
Long Term 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)	—
Fixed Deposits with banks	—



NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

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

Category	Amount net of provisions (in Rupees)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties (Holding Company)	—	14,484,000	14,484,000
2. Other than related parties	—	—	—
Total	—	14,484,000	14,484,000

- (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 or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	342,600,755	*11,545,321
Total	342,600,755	*11,545,321

* Includes cost of unquoted securities Rs. 176,300

** As per Accounting Standard of ICAI (Please see Note 3)

- (7) Other information

Particulars	Amount
(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:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards 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.
- 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.
- Previous year's figures have been regrouped wherever necessary.

NAPEROL INVESTMENTS LIMITED**SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)****9. Balance Sheet Abstract and Company's General Business Profile (In terms of amendment to Schedule VI Part IV)****I. Registration Details**

Registration No. U 6 5 9 9 0 M H 1 9 8 0 P L C 0 2 2 5 8 9
 Balance Sheet Date 3 1 0 3 2 0 1 0 State Code 1 1
 Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue N I L Rights Issue N I L
 Bonus Issue N I L Private Placement N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 1 1 4 7 1 Total Assets 1 1 4 7 1

Source of Funds

Paid-up Capital 2 5 5 0 Reserves & Surplus 8 9 2 1
 Secured Loans N I L Unsecured Loans N I L

Application of Funds

Net Fixed Assets N I L Investments N I L
 Net Current Assets 1 1 4 7 1 Miscellaneous Expenditure N I L
 Accumulated Profits 7 0 7

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income 2 3 6 8 Total Expenditure 5 5
 Profit/Loss before tax 2 3 1 3 Profit/Loss after tax 1 8 8 8
 Earning per share in Rs. 7 4 . 0 3 Dividend rate % (Proposed) 5 2 5

V. Generic Name of the Principal Products/Services of the Company (as per Monetary terms)

Item Code No. N.A.
 Product Description INVESTMENTS

Signatures to Schedules 1 to 7

For and on behalf of the Board of Directors

S. S. KELKAR

R. S. GANDHI

S. R. LOHOKARE

} Directors

Mumbai, 30th April, 2010



TEN YEAR STANDALONE FINANCIAL STATISTICS : 2001-2010

(Rs. in Lacs)

As at / Year ended 31st March	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Assets Employed :										
Fixed Assets less Depreciation & CWIP	5738.31	5272.29	4859.92	4518.17	4476.81	7147.52	9425.00	9206.44	8820.20	8416.42
Investments	152.79	148.46	148.46	148.77	148.77	148.37	127.33	127.33	127.33	127.33
Net Current Assets	1521.21	172.43	336.34	453.18	925.13	1036.70	513.79	932.89	944.60	761.57
Miscellaneous Expenditure	196.45	222.64	154.12	111.21	76.52	44.05	35.69	27.20	18.49	9.17
Financed by :										
Share Capital	229.83	229.83	229.83	229.83	229.83	229.88	574.70	574.70	574.70	574.70
Reserves & Surplus	2606.64	2159.04	2389.31	2963.13	4207.10	4810.85	4410.52	4950.51	6342.72	7290.45
Loan Funds	4772.29	2667.63	1830.38	667.05	3.98	2269.69	3885.68	3453.49	1649.41	144.84
Deferred Tax Liability	—	759.32	1049.32	1371.32	1186.32	1066.22	1230.91	1315.16	1343.79	1304.50
Profits & Appropriations :										
Sales & other Income	8062.18	6482.86	5373.07	5866.44	7626.31	7196.74	6431.83	11032.49	13602.64	12250.66
Manufacturing Expenses	5094.19	4199.67	3944.58	4141.67	5001.07	5205.03	5025.58	8237.21	9366.14	8886.62
Interest	994.02	504.09	225.46	82.15	25.69	4.24	161.14	339.04	300.22	127.40
Depreciation	514.51	498.95	499.72	490.23	457.05	460.98	593.39	784.60	820.73	830.83
Profit Before Tax	1459.46	1280.15	703.31	1152.39	2142.50	1526.49	651.72	1671.64	3115.55	2405.81
Taxation	—	507.00	346.00	410.00	715.00	530.00	217.87	593.76	1050.97	785.71
Profit After Tax	1459.46	773.15	357.31	742.39	1427.50	996.49	433.85	1077.88	2064.58	1620.10
Dividend :										
– Amount	68.96	91.95	91.95	149.42	160.92	344.82	402.29	459.76	574.70	574.70
– Percentage	30%	40%	40%	65%	70%	60%	70%	80%	100%	100%
Earning Per Share (EPS) (Rs.)	6.35	3.36	1.55	3.23	6.21	17.35	7.55	18.76	35.92	28.19

Notes:

1. Share Capital for 2006-07 onwards includes sub-division of Shares (1:10) and 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

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

ATTENDANCE SLIP

I hereby record my presence at the 56th ANNUAL GENERAL MEETING of National Peroxide Limited at Walchand Hirachand Hall (4th Floor), IMC Building, IMC Marg, Churchgate, Mumbai-400 020, on Friday, 30th July, 2010 at 4.00 p.m.

Full name of the Member/Proxy/Representative : _____
(In block letters)

Registered Folio No. :	and/or	DP ID No./Client ID No. :
------------------------	--------	---------------------------

SIGNATURE OF SHAREHOLDER OR PROXY OR REPRESENTATIVE ATTENDING THE MEETING

If Shareholder/Representative , please sign here	If Proxy , please sign here

- N.B. :
- Members attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.
 - Members attending the Meeting are requested to bring their copies of the Annual Report with them.



National Peroxide Limited

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

PROXY FORM

I/We.....
of..... being a Member/Members of NATIONAL PEROXIDE LIMITED
hereby appoint of
or failing him of
as my/our Proxy to attend and vote for me/us and on my/our behalf at the Fifty Sixth Annual General Meeting of the Company to be held on Friday, 30th July, 2010 and at any adjournment thereof.

Signed this day of July, 2010.



Signature across Revenue Stamp

Registered Folio No. :	Shares held :
and/or	
DP ID No./Client ID No. :	Shares held :

NOTE : This form of proxy duly completed, stamped and signed should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

National Peroxide Limited

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