

National Peroxide Limited



**ANNUAL REPORT
2012-2013**

AWARD RECEIVED DURING 2012-2013

MAHARASHTRA SAFETY AWARD - 2011



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



National Peroxide Limited

Annual Report 2012-2013

(Registered — 16th March, 1954)

DIRECTORS (As on 20th May, 2013)

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

COMPANY SECRETARY

H. B. CHINYO

BANKERS

STATE BANK OF INDIA
CANARA BANK

SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & Co.

AUDITORS

S. B. BILLIMORIA & Co.
Chartered Accountants

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

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

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National Peroxide Limited

NOTICE

NOTICE is hereby given that the Fifty-Ninth Annual General Meeting of the Members of NATIONAL PEROXIDE LIMITED will be held at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400018, on Wednesday, 14th August, 2013 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. Ness N. Wadia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. D. N. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, (Reg. No. 101496W) as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

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

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

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

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

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

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. The instruments appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the Special Business at Item no. 6 of the Notice as set out above, is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, 1st August, 2013 to Wednesday, 14th August, 2013, both days inclusive.
- (d) (i) The dividend, if any, that may be declared at the Meeting, shall be paid on or after 16th August, 2013 to those shareholders whose names stand on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar & Transfer Agents on or before 31st July, 2013, in respect of the shares held in physical form.
(ii) In respect of the shares held in electronic form, the dividend for the year ended 31st March, 2013 will be payable to the beneficial owners of the shares as at the closing hours of 31st July, 2013, as per the details

to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.

- (e) Members are requested to notify immediately any (i) change of address; (ii) change of bank details; (iii) NECS mandate; or (iv) nomination to:
- (1) their Depository Participants (DPs) in respect of shares held in demat form; and
 - (2) the Company's Registrar & Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., in respect of shares held in physical form, at the following address:
Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072.
Tel: 2851 5644 / 2851 5606

The aforesaid information should reach Sharex Dynamic (India) Pvt. Ltd. on or before 31st July, 2013, except nomination which can be done at any time.

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

Unclaimed dividends for the financial years 1994-95, 1995-96; 1996-97; 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 were transferred to the Investor Education and Protection Fund (IEPF) as required in terms of Section 205A read with Section 205C of the Companies Act, 1956. No claim shall lie against the IEPF or the Company in respect of the unclaimed/unpaid amount(s) transferred to the IEPF.

In terms of Section 205A read with Section 205C of the Companies Act, 1956, dividends for the years ended 31st March, 2006 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the IEPF. The last dates for claiming unpaid dividends are given in the table below:

Financial Year	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend
2005-06	28.07.2006	27.07.2013
2006-07	27.07.2007	26.07.2014
2007-08	23.07.2008	22.07.2015
2008-09	21.07.2009	20.07.2016
2009-10	30.07.2010	29.07.2017
2010-11	08.08.2011	07.08.2018
2011-12	09.08.2012	08.08.2019

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to Sharex Dynamic (India) Pvt. Ltd., at the address given above, quoting their folio numbers/ DP ID & Client ID. It may be noted that once the unclaimed/unpaid dividend is transferred to the IEPF as aforesaid, no claim shall lie in respect of such amount(s) by the members.

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

1. Mr. Ness N. Wadia

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

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

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

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

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

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



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2. Mr. D. N. Mehta

Mr. Durgesh N. Mehta, 61, is a qualified Chartered Accountant. Post qualification, he joined Hindustan Lever Ltd., (now known as Hindustan Unilever Ltd.) as a Management Trainee and worked for over 28 years in that organization. During this period he held various positions in Accounts and Finance, Internal Audit, Commercial Management and Commodity Buying. His last job in India was that of Financial Controller of the Company. Thereafter, he was seconded as Finance Director of Unilever Arabia business of the parent Company, Unilever, PLC.

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

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

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

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

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

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

HANOZ B. CHINYOY
Company Secretary

Registered Office:

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

GREEN INITIATIVE

Regarding Service of Documents to Shareholders by E-mail

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

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

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

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

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

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

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

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

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

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

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under item no. 6 of the accompanying Notice of the Annual General Meeting, dated 20th May, 2013:

Item No. 6

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

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

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

Reimbursement of actual medical expenses incurred on self and spouse.

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

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

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

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

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

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

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

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



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9. Mr. Lohokare shall not, except in the proper course of his duties during the continuance of his employment with the Company or any time thereafter divulge or disclose to any persons whomsoever or make use whatsoever for his own purpose or for any purpose of any information or knowledge obtained by him during his employment as to the business and/or affairs of the Company and/or trade secrets or secret processes of the Company.
10. Mr. Lohokare shall not in the event of his ceasing to be MD of the Company before the expiry of the term of 5 years, for the remainder of such period:
- (a) either alone or jointly with or as an employee of any person, firm or Company, directly or indirectly, carry on or engage in any activities or business which shall be in competition with the business of the Company; and
 - (b) in connection with carrying on any business similar to or in competition with the business of the Company on his behalf or on behalf of any person, firm or Company, directly or indirectly:
 - (i) seek to procure orders or do business with any person, firm or Company, who has at any time during the two years, immediately preceding such cessation of employment, done business with the Company; or
 - (ii) endeavour to entice away from the Company any person who has at any time during the two years immediately preceding such cessation of employment, done business with, or engaged by, the Company. Provided that nothing in this clause shall prohibit seeking or procuring of orders or doing of business not related or similar to the business/businesses of the Company.
11. The employment of Mr. Lohokare shall forthwith determine if he ceases to be a Director of the Company. He shall cease to be a Director if the Agreement is terminated and he ceases to be employed as MD.
12. If Mr. Lohokare be guilty of any misconduct or any breach of the Agreement which in the opinion of the Board may render his retirement from the office of MD desirable, the Company may without notice determine the Agreement forthwith and he shall cease to be MD of the Company upon such determination.
13. Either party shall be entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Mr. Lohokare's employment at any time by payment to him of six months' basic salary in lieu of such notice.
14. If Mr. Lohokare ceases to be MD of the Company, he shall be deemed to have resigned from the office of Director as and from the date of such cessation.

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

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

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

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

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

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

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

HANOZ B. CHINYOY
Company Secretary

Registered Office:

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

Mumbai, 20th May, 2013

DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting their Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

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

YEAR IN RETROSPECT

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

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

2. DIVIDEND

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

3. OPERATIONS

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

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

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

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

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



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

4. AWARDS AND RECOGNITION

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

'Maharashtra Safety Award - 2011'

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

5. SAFETY & ENVIRONMENT

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

6. INSURANCE

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

7. FIXED DEPOSITS

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

8. DIRECTORS

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

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have, in selection of accounting policies, consulted the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the Annual Accounts on a going concern basis.

10. CORPORATE GOVERNANCE

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

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

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

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

12. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

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

13. CORPORATE SOCIAL RESPONSIBILITY

The Company along with Kalyan Ambernath Manufacturers' Association (KAMA) distributed note books to Zilla Parishad Schools in Dombivali, Adivasi School students in Murbad and Ashram School in Mohone, Kalyan.

14. SUBSIDIARY COMPANY

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

15. CONSOLIDATED FINANCIAL STATEMENTS

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

16. PARTICULARS OF EMPLOYEES

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

17. AUDITORS

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

18. COST AUDITORS

The Company had appointed M/s. N. I. Mehta & Co., Cost Accountants, as the Cost Auditors to carry out the audit of the cost accounts of the Company relating to organic & inorganic chemicals and industrial gases for the financial year ended on 31st March, 2013. The Cost Audit Report for 2011-12 was filed on 27th December, 2012, before the due date of 31st December, 2012.

19. ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors

NESS N. WADIA
Chairman

Registered Office:

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

Mumbai, 20th May, 2013



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 :

Measures were taken to improve Energy Performance during the year. Some of the key measures are as under:

- Replaced old motors with new high efficiency motors.
- Replaced old instrument air compressor motor with new high efficiency motor.
- Replaced old window air conditioner units with 3 star rating air conditioner units.
- Replaced TL fittings with CFL fittings in the plant area.
- Replaced old steam traps with new energy efficient steam traps.

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

(b) Additional Investments & Improvements: Total expenditure of ₹ 10.50 lac 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

	2012-13	2011-12
1. Electricity		
a. Purchased:		
Units (KWH).....	3,05,04,200	2,31,92,200
Total Amount (₹ lac)	2,234.55	1,518.71
Rate/Unit (₹/KWH)	7.33	6.55
b. Own Generation:		
(i) Through diesel generator Units (KWH).....	8,640	25,920
Units/litre of diesel oil (KWH)	2.30	2.88
Cost of diesel/Unit (₹/KWH)	19.81	14.52
(ii) Through steam turbine/generator	Not Applicable	Not Applicable
2. Coal	Not Applicable	Not Applicable
3a. Furnace Oil		
Quantity (MT)	1.57	28.47
Total amount (₹ lac).....	0.57	9.17
Average rate (₹/MT).....	36,495.42	32,246.39
3b. Natural Gas		
Quantity (MMBTU)	1,15,714.00	79,715.00
Total amount (₹ lac).....	858.60	416.05
Average rate (₹/MMBTU).....	742.00	521.92
4. Other/Internal Generation	Not Applicable	Not Applicable

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Electricity (KWH/MT)	354.79	375.14
2a. Furnace Oil (KG/MT)	0.02	0.49
2b. Natural Gas (MMBTU/MT)	1.43	1.35

The Boiler was operated for the full year on Natural Gas. The consumption for each fuel is calculated on annual production. The equivalent fuel oil specific consumption on gross calorific value basis for 2011-12 & 2012-13 works out to 33.46 KG of Fuel Oil/MT & 34.96 KG of Fuel Oil/MT, respectively.

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

Our developmental efforts consisted of the following:

The Hydrogen Peroxide plant is being expanded from 84,000 MTPA (name plate capacity) to 94,000 MTPA with the company's in-house efforts. The following are the details of execution:

- (a) Process design of equipment of Hydrogen Peroxide Plant, keeping in view operating experience and energy conservation.
- (b) New design for extraction column trays.
- (c) Process improvements in Hydrogen Peroxide and Sodium Perborate manufacturing.
- (d) Improvement of Water Treatment process for Hydrogen Peroxide production by commissioning & stabilising operation of RO plant.
- (e) Improvement of effluent treatment process by commissioning & stabilising operation of TMF & RO plant.

2. Benefits Derived:

- (a) Cost effective expansion.
- (b) Higher productivity from the plant.
- (c) Improvement in chemistry & productivity of Working Solution.
- (d) Better control of effluent quality & better utilization of existing assets at higher loads.

3. Plan of Action:

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

- (a) Developing process design and carrying out engineering for Phase III expansion of Hydrogen Plant & Hydrogen Peroxide Plant to 95,000 MTPA.
- (b) Process modifications to reduce the cost of manufacture and improve yield.
- (c) Recycling of treated effluent back to process.
- (d) Reduction in water usage & chemical usage in water treatment plant by replacing conventional demineralisation.
- (e) Implementation of Responsive Care Management System RC 14001:2008 & streamlining of IMS system comprising of QMS system 9001:2008, EMS ISO 14001:2004, OSHAS 18001:2007, EnMS 50001:2011, GHG 14064-1.
- (f) Adding heat recovery systems to reduce energy consumption.
- (g) Installation of automatic filling system and increasing the storage capacity of Hydrogen Peroxide.

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) Improvement in Effluent Treatment plant;
- (c) Upgradation of Exa OPC system for plant;
- (d) Implementation & Stabilisation of Advanced Process Control (APC) system for the plant;
- (e) Stabilisation of Cooling Tower operations using 3D Trasar system;
- (f) Operating Boiler with Economiser for optimum usage of fuel;
- (g) Upgrading Infor ERP LN F2 to F7 system.



National Peroxide Limited

2. Benefits Derived:

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports:

The Company exported 21.6 MT of Hydrogen Peroxide during 2012-13.

(b) Total Foreign Exchange used and earned:

Export Sales (FOB)	: ₹ 4.16 lac
Foreign exchange outgo (includes raw materials, spare parts, capital goods and other expenditure in foreign currency including dividends)	: ₹ 719.16 lac

On behalf of the Board of Directors

NESS N. WADIA
Chairman

Mumbai, 20th May, 2013

ANNEXURE – B

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

After the United Nations Climate Change Conference in 2011 in Durban, there has hardly been any progress. The next Conference would be held in Qatar in 2015.

As an outcome of the Durban meeting the commitment period of the Kyoto Protocol will be extended to either 2017 or 2020. This means that the international carbon market will continue to operate after 31st December, 2012. However, this will have very little impact on carbon prices.

The Durban outcome made the new Green Climate Fund (GCF) operational by finalizing its design and governance arrangements. The GCF intends to help poorer countries cut emissions and adapt to climate change by channeling US \$ 100 billion per year towards the effort. South Korea, Germany and Denmark have pledged finance, but it is expected that bulk of the funding will have to come from the private sectors. However, no funds have actually been received.

The negotiation process for climate change is still alive, and all states have now signed upto the idea of reaching a deal by 2015. However, there is still no legally binding treaty to curb emissions and it is unlikely that a meaningful global deal will be reached by 2015.

In India, the National plan on Climate Change was released by the Hon'ble Prime Minister 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. The said scheme has been notified on 30th March, 2012. This mechanism is presently applicable to 478 Designated Consumers (DC) from 9 sectors under the Energy Conservation Act, 2001. The first year of the current period of three years i.e. from FY 2012-13 to FY 2014-15 is already completed. Efforts are being made to extend this scheme to additional sectors.

In line with above National Level Activities, NPL has made exhaustive efforts to reduce its Carbon Foot Print during the year.

NPL's Climate Change Policy is based on:

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

Annual Report 2012-2013

Like previous 4 years, this year also the Company continued to carry out the accounting of its Greenhouse Gas (GHG) emissions, also known as Carbon Foot Print for 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 11-12			FY 12-13		
	(TON CO ₂ /YEAR)			(TON CO ₂ /YEAR)		
	H ₂ Plant	AO Plant	Total	H ₂ Plant	AO Plant	Total
1	21,858	4,412	26,270	27,442	6,284	33,726
2	1,519	17,125	18,644	2,057	21,493	23,550
3	197	6,045	6,242	226	6,576	6,802
Total	23,575	27,581	51,156	29,725	34,353	64,078

For Hydrogen Filling	2,955	—	2,955	3,990	—	3,990
For AO Plant	20,620	27,581	48,201	23,452	34,353	60,088

PRODUCTION	FY 11-12	FY 12-13
H ₂ O ₂ (50%)	57,868 MT	79,432 MT
H ₂	22.92 Million NM ³	31.39 Million NM ³
GHG Intensity of H ₂ O ₂ (50%)	833 Kg/MT	756 Kg/MT (9.18% Reduction)

Out of GHG intensity of 756 Kg/MT of H₂O₂ in 2012-13, 39% of GHG Emission is incurred for Hydrogen Production alone. However, benchmarking of GHG intensity for Hydrogen Peroxide is not possible due to non-availability of data of other producers. In case of some of the Hydrogen Peroxide plants, Hydrogen is available as a by-product from Caustic-Chlorine plants. Hence the Company has separated its GHG emissions for Hydrogen and Hydrogen Peroxide production.

Emission Reductions Target and Abatement Measures

The various Energy Conservation Measures have resulted in reduction of CO₂ Emission as detailed below:-

Sr. No.	Scheme Implemented	CO ₂ Emission Reduction (MT)	CO ₂ Emission Reduction (Kg/MT)
1	Replaced plant old motors with new high Efficiency Motors.	58.88	0.74
2	Replaced old Instrument Air Compressor Motor with new high Efficiency Motor.	32.00	0.40
3	Installed Partition in Office areas and reduced electrical consumption	14.08	0.18
4	Replaced 6 nos. old window Air Conditioner units with 3 Star Rating Machines	17.28	0.22
5	Replaced TL fitting with CFL fittings for plant area.	6.40	0.08
	TOTAL	128.64	1.62

Mumbai, 20th May, 2013



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

There are currently four companies which manufacture Hydrogen Peroxide in India. National Peroxide Limited continues to be the largest producer of Hydrogen Peroxide in the country with a market share of 43%. In addition to being well known in the industry as a pioneer, its product commands a strong brand image. It has been in the forefront in the development of technology for manufacture of Hydrogen Peroxide, as well as new applications development. Due to these efforts, the domestic market has significantly developed over the years.

The total production capacity in the country, during 2012-13, is now at 2,02,000 MTPA on an annualized basis. The domestic demand is expected to grow by 5.7% p.a. during 2013-14. This will result in the domestic demand being fully met from local producers.

OPPORTUNITIES AND THREATS

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

Demand for Natural Gas in India is growing rapidly as per the XIIth Five Year Plan document. The demand for Natural Gas will expand from 293 mmscmd in 2012-13 to 371 mmscmd in 2013-14. On the other hand, the domestic availability including LNG imports is expected to increase from 197 mmscmd in 2012-13 to 250 mmscmd in 2013-14. Around 40% of the Natural Gas will be imported as LNG.

The supply of Natural Gas from Reliance Industries Limited's KG Basin has been seriously affected. It has now fallen to 19 mmscmd whereas it was expected to reach 80 mmscmd.

Currently, India imports 36 mmscmd of LNG through Petronet's L&G terminal at Dahej. Additional quantities are being imported by Shell Total through their LNG terminals at Dahej and by Ratnagiri Gas and Power Pvt. Ltd. (RGPPPL) at Dabhol, Maharashtra. Petronet's LNG terminal at Kochi is expected to start its operation by June-July 2013. However, the supply of gas from Kochi to other states is likely to take a considerable amount of time as the pipeline infrastructure is not ready.

Due to the current shortage of gas, GAIL has made arrangement with GDF, Suez and Spain's Gas Natural Fenosa (GNF) which ends in 2015. It has also made arrangement to buy gas from Russia's Gazprom from 2017. GAIL plans to buy about 6 MTPA Henry-Hub linked LNG from USA. It already has 3.5 MTPA on F.O.B. basis for 20 years from Chemere Energy beginning in 2017. A considerable amount of Natural Gas from LNG will be available from USA due to the availability of Shale Gas.

Due to the current gas availability situation in the medium term the gas prices are expected to remain strong.

LNG prices are linked to crude oil prices. Crude oil prices are expected to remain volatile due to the small gap between demand and supply. The volatility in crude oil prices will impact the cost of Natural Gas based on the linkage formula.

Your Company's long term contract for supply of Natural Gas will result in the price of the gas becoming fully variable with

Japanese Crude Cocktail prices from January 2014 onwards. In the years to come this would provide a stable pricing scenario. The company may have to resort to spot purchasing during its further expansion requirements.

A Key Customer for Hydrogen Peroxide - Pulp and Paper Industry

The growth of various segments of the paper industry is linked to the level of economic activity; higher industrial output drives the demand for industrial paper for packaging, increased marketing spends benefit the newsprint and value added segments, and the growth in education and other activities increase the demand for writing and printing paper.

The total capacity of the paper industry was estimated at 12.2 million tonnes in 2012-13 and is expected to grow to 13 million tonnes in 2013-14. The operating rates are expected to marginally improve from 76% in 2012-13 to 77% in 2013-14. The total demand for paper was 12.0 million tonnes in 2012-13 and is expected to grow at 7-7.2%.

Within the paper sector consumption of writing and printing paper and paper board will continue to be largely met from domestic production as significant capacities have been added in those segments in recent years.

As far as the newsprint is concerned there has been significant stagnation over the years as a large amount of newsprint continues to be imported.

Currently, the recovery of waste paper used as a raw material in India is poor and is estimated at 25-30%. ITC Ltd. has been making institutionalized efforts for collection of waste paper. Although recycling of paper is an important aspect of the XIIth Five Year Plan, concrete action at the ground level is necessary.

In 2012, the performance of paper companies was significantly affected due to raw material price increase partly driven by rupee depreciation as imports account for a considerable proportion of their cost structures. This coupled with pricing pressures due to low demand and excess capacity further worsened the situation.

The expansion of Tamil Nadu News Print Ltd., J. K. Paper Ltd., Rayagada plant and Bilt Chandrapur plant have been completed. During the next two years, there are no plans for the addition to the paper capacity.

Emerging Customer for Hydrogen Peroxide - Environmental Applications

The Indian refineries have been using Hydrogen Peroxide for their effluent treatment and this has been adding to the growth in demand for Hydrogen Peroxide. During the last few years, there has been a significant addition to the refining capacity in India. This over a period of time will add to the market for Hydrogen Peroxide.

OUTLOOK

The outlook for the industry in the near term can only be viewed with cautious optimism. During the year significant imports took place from Thailand. These were from both the producers from Thailand as that country has a limited domestic demand. On the

other hand, the domestic availability has improved as a result of the increased capacity of the Company and a new plant set-up by a competitor. The imports from Thailand are likely to continue during the coming year.

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

The situation in the Tirupur belt which is a large producer of textile had undergone improvement due to setting up of Common Effluent Treatment Plants (CETPs) as well as other actions by the Indian producers of textiles. This is expected to improve the demand for Hydrogen Peroxide.

It is not certain when the implementation of Goods and Service Tax (GST) is likely to take place. Maharashtra has now switched over to Local Body Tax (LBT) in place of Octroi. Although this has improved the operational issues, it has not resulted in any savings. In the near future the implementation of GST looks unlikely.

RISKS AND CONCERNS

The current level of inflation in the country, lower rate of GDP as well as Current Account of Deficit (CAD) is a matter of serious concern. Due to persistently high level of inflation the Reserve Bank of India (RBI) was able to reduce the interest rates by only 100 bps and CRR by 75 bps to boost growth during the previous year. India's strong dependence on external and short term debts for financing current account deficit is a key concern. As per RBI, although the rate of inflation is expected to reduce during the coming year, it is still expected to be around 6.5% from 7.3% in the previous year; whereas the GDP is expected to grow at 6%.

The sluggish global environment particularly in the Euro zone is likely to take longer and is expected to impact particularly the demand in the textile industry and the overall GDP growth of the country.

India's Free Trade Agreement allows imports from countries such as Thailand, Malaysia and Singapore at a lower rate of customs duty. The import duty on products imported from SAARC countries is also zero. This has resulted in the problem of inverted duty structure as some of the raw materials and feed stock are imported at a higher rate of customs duty.

INTERNAL CONTROLS

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

The Company has an Audit Committee of the Board of Directors which meets regularly to review, inter alia, risk management

policies, adequacies of internal controls and the audit findings on the various segments of the business.

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

FINANCIAL PERFORMANCE

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

HUMAN RESOURCES

Peace and harmony between employer and employees prevailed during the year. Relations with the Union continued to be cordial.

The long term settlement with the Union expired on 31st March, 2013. The Company expects to sign a new settlement during the coming year.

The Company continues to emphasize its in-house technical training of the employees to upgrade their operational skills. Some of the employees were also sent to other companies such as Tata Motors, General Motors to observe their working practices and implement these related to our plant.

During the year, the Company implemented an Integrated Management System consisting of ISO-9001:2008 & OHSAS-18001-2007 ISO-50001:2011.

During the coming year, the Company plans to get certification for Responsible Care. This is expected to foster improvement in the team work within the Company.

The employee strength on the permanent rolls of the Company was 121 as on 31st March, 2013.

RESOURCES AND LIQUIDITY

The Company did not have any long term borrowings as on 31st March, 2013. The Company has invested ₹ 5,734 lacs as on 31st March, 2013. The Company finances working capital requirements by sourcing credit lines placed at its disposal by a consortium of banks led by State Bank of India. The Company's net current assets as on 31st March, 2013 were ₹ 8,251 lacs.

CAUTIONARY STATEMENT:

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

Mumbai, 20th May, 2013



National Peroxide Limited

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

Name	Designation/ Nature of Duties	Remuneration received (₹)	Qualifications	Experience (Years)	Date of commencement of Employment	Age (Years)	Last Employment held before joining the Company and the period
(A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN ₹ 60,00,000/-.							
Lohokare S. R.	Managing Director	2,00,41,879	B.Tech. (Hons.) (Chemical Engg.); P.G.D.I.M.; M.F.M. (Bombay University)	40	29.04.97	62	Vice-President (Nitrite & SDC), Deepak Nitrite Ltd. (4 Years)
(B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN ₹ 5,00,000/- PER MONTH.							
— NIL —							

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

On behalf of the Board of Directors

NESS N. WADIA
Chairman

Mumbai, 20th May, 2013

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 to the Listing Agreement, a report on Corporate Governance, for the year ended 31st March, 2013, is given below:

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

(a) Composition of the Board:

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

(b) Board Meetings and AGM:

Five Board Meetings were held during the year under review. The dates on which the meetings were held are : 14th May, 2012; 9th August, 2012; 9th November, 2012; 18th January, 2013 and 14th February, 2013. The AGM was held on 9th August, 2012.

(c) Directors' Attendance Record and Directorships held:

Director	Whether Promoter, Executive, Non-Executive, Independent Non-Executive, Nominee	Number of Board Meetings attended	Whether attended last AGM	No. of other Directorships held #		No. of Committee positions held in other Public Companies*	
				Chairman	Member	Chairman	Member
Mr. Ness N. Wadia	Chairman, Non-Executive	5	Yes	—	7	—	2
Mr. P. V. Kuppaswamy ^(a)	Non-Executive	2	Yes	—	—	—	—
Mr. K. N. Suntook	Independent, Non-Executive	3	Yes	—	—	—	—
Mr. Rajesh Batra	Independent, Non – Executive	4	Yes	1	3	—	1
Mr. J. S. Bilimoria ^(b)	Independent, Non – Executive	2	Yes	—	9	4	3
Mr. D. N. Mehta	Non – Executive	5	Yes	—	5	—	1
Mr. N. P. Ghanekar	Independent, Non – Executive	5	Yes	—	—	—	—
Mr. S. R. Lohokare	Executive, Managing Director	5	Yes	—	1	—	—

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

* Excludes committees other than Audit Committee & Shareholders'/Investors' Grievance Committee and Companies other than public limited companies.

Notes:

(a) Mr. P. V. Kuppaswamy resigned from the Board with effect from 18th January, 2013.

(b) Mr. J. S. Bilimoria, an Independent Non-Executive Director expired on 3rd May, 2013.

3. Board Committees:

(a) Audit Committee:

The Audit Committee comprises of the following Non-Executive Directors, majority of whom are Independent Directors. During the year under review, the Committee met four times, i.e. on 14th May, 2012; 9th August, 2012; 9th November, 2012 and 13th February, 2013. Details of attendance of each member are as follows:



National Peroxide Limited

Sr. Nos.	Name	Number of Audit Committee Meetings attended
1	Mr. J. S. Bilimoria – Chairman (Deceased on 3rd May, 2013)	2
2	Mr. P. V. Kuppuswamy (upto 18th January, 2013)	2
3	Mr. K. N. Suntook	2
4	Mr. Rajesh Batra	3
5	Mr. D. N. Mehta	4
6	Mr. N. P. Ghanekar	4

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 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.

(b) Remuneration Committee:

The Remuneration Committee comprises of the following Non-Executive Directors, majority of whom are Independent Directors. During the year under review, the Committee met twice on 9th August, 2012 and 14th February, 2013. Details of attendance of each member are as follows:

Sr. Nos.	Name	Number of Remuneration Committee Meetings attended
1	Mr. K. N. Suntook – Chairman	1
2	Mr. Rajesh Batra	2
3	Mr. N. P. Ghanekar	2
4	Mr. Ness N. Wadia	2

Mr. P. V. Kuppuswamy resigned as a member of the Committee w.e.f. 14th May, 2012.

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

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 2012-13 are given below:

(Amount in ₹)

Name	Salary	Benefits *	Commission/ Incentive #	Total
S. R. Lohokare	54,00,000	69,09,479	77,32,400	2,00,41,879

* Also includes Company's contribution to Provident and Superannuation Funds, amounting to ₹ 21,95,748/-.

Shown on the basis of year of payment and includes Commission of ₹ 50,00,000/- paid for 2011-12.

Notes: (a) The Agreement with the Managing Director was valid for a period of 5 years, which expired on 30th April, 2013. The Board at its meeting held on 14th February, 2013, has re-appointed him as the Managing Director for a further period of 5 years w.e.f. 1st May, 2013. Either party to the Agreement is entitled to terminate the Agreement by giving not less than 6 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 6 months' salary in lieu of such notice.

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

- B. Details of payment made to Non-Executive Directors during the year 2012-13 and their shareholding in the Company, as on 31st March, 2013, are given below:

(Amount in ₹)

Directors	Sitting Fees		Commission #	Total	Total no. of shares held
	Board Meetings	Committee Meetings			
Mr. Ness N. Wadia	1,00,000	40,000	13,16,000	14,56,000	0
Mr. P. V. Kuppuswamy *	40,000	50,000	3,49,000	4,39,000	750
Mr. K. N. Suntook	60,000	70,000	2,71,000	4,01,000	0
Mr. Rajesh Batra	80,000	1,10,000	2,71,000	4,61,000	0
Mr. J. S. Bilimoria	40,000	50,000	2,71,000	3,61,000	0
Mr. D. N. Mehta	1,00,000	1,00,000	3,49,000	5,49,000	0
Mr. N. P. Ghanekar	1,00,000	1,40,000	3,10,000	5,50,000	0
Total	5,20,000	5,60,000	31,37,000	42,17,000	750

Shown on the basis of year of payment

* Mr. P. V. Kuppuswamy resigned from the Board w.e.f. 18th January, 2013.

During 2012-13, a provision of ₹ 61.18 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 2012-13.

(c) Shareholders'/Investors' Grievance Committee:

This Committee comprises of the following Directors:

Mr. D. N. Mehta - Chairman

Mr. S. R. Lohokare

Mr. Rajesh Batra

The Chairman of the Committee, Mr. D. N. Mehta, is a Non-Executive Director and was appointed as a member (and Chairman) at the meeting of the Board of Directors held on 14th February, 2013. Mr. P. V. Kuppuswamy resigned as a member of the Committee w.e.f. 18th January, 2013.

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 BSE 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 once.

Name and designation of Compliance Officer:

Mr. Hanoz Chinoy, has been appointed as a Company Secretary w.e.f. 22nd April, 2013 and Mr. Cyrus Jasavala acted as a Compliance Officer of the Company from 18th May, 2012 to 22nd April, 2013.

No. of shareholders' complaints received during the year : 4

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

No. of pending complaints : Nil

(d) Finance Committee:

This Committee comprises of the following Directors:

Mr. N. P. Ghanekar - Chairman

Mr. K. N. Suntook

Mr. J. S. Bilimoria (Deceased on 3rd May, 2013)

Mr. D. N. Mehta

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



National Peroxide Limited

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

During the year, the Committee met twice on 14th May, 2012 and 9th November, 2012.

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

4. General Body Meetings:

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

Date & Time	Location	Special Resolution Passed
9th August, 2012 4.00 p.m.	Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai - 400 018.	Nil
8th August, 2011 4.00 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001.	Nil
30th July, 2010 4.00 p.m.	Walchand Hirachand Hall (4th Floor), IMC Building, IMC Marg, Churchgate, Mumbai - 400 020.	Payment of Commission to Non-Executive Directors

(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 (2013-14):

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, 2011 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 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under the Listing Agreement with BSE Limited.
- (b) Newspapers wherein results normally published:
Business Standard (English) and Mumbai Lakshadeep (Marathi, the regional language).
- (c) Any Website, where displayed:
www.naperol.com and www.bseindia.com
- (d) Whether Website also displays official news releases : No
- (e) Whether presentations made to institutional investors or to the analysts : No
- (f) Management Discussion & Analysis Report:
The Management Discussion & Analysis Report forms part of the Annual Report.

8. General Shareholder Information:

(a) AGM:

- Date and Time : 14th August, 2013 at 4.00 p.m.
Venue : Sunville Banquet & Conference Rooms,
9, Dr. Annie Besant Road, Near Worli Flyover,
Worli, Mumbai 400 018.

(b) Financial Year:

The financial year is from 1st April to 31st March.

Tentative Schedule:

- Results for quarter ending June 30, 2013 : By August 2013
Results for quarter ending September 30, 2013 : By November 2013
Results for quarter ending December 31, 2013 : By February 2014
Results for year ending March 31, 2014 : By May 2014
AGM for year ending March 31, 2014 : By August 2014

(c) Date of Book Closure

: 1st August, 2013, to 14th August, 2013 (both days inclusive)

(d) Dividend Payment Date

: On or after 16th August, 2013

(e) Listing on Stock Exchange

: The Company's shares are listed on BSE Ltd. The Company has paid the applicable listing fees to BSE Ltd., 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 ₹ 10/- per share):

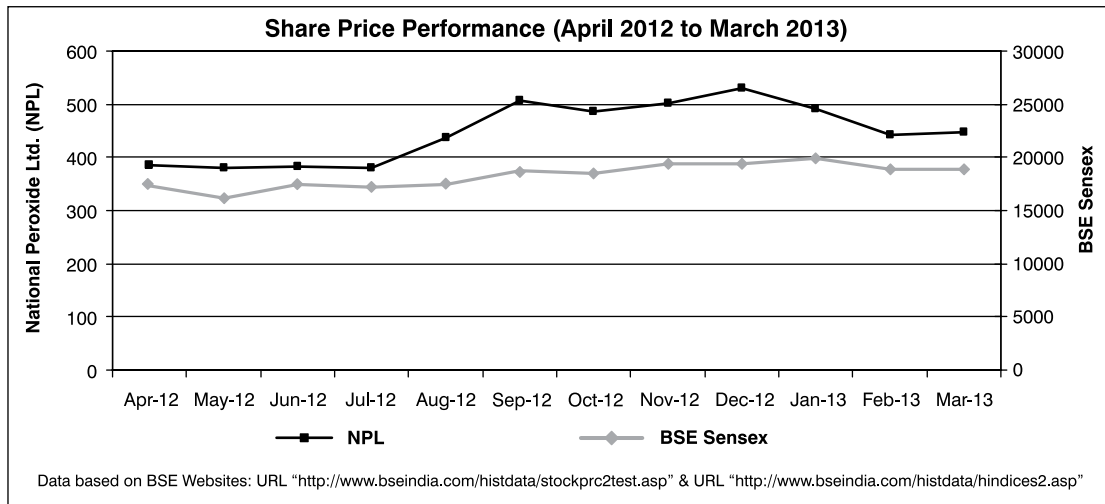
Month	High (₹)	Low (₹)	No. of Shares	No. of Trades	Net Turnover (₹)
April 2012	424.75	382.10	22,827	964	93,45,413
May 2012	405.00	358.00	39,837	1,123	1,52,94,521
June 2012	396.00	362.00	15,285	722	57,36,582
July 2012	430.00	363.25	49,741	1,911	2,01,41,366
August 2012	474.00	372.00	94,528	3,896	4,10,32,813
September 2012	535.85	452.95	1,34,911	6,723	6,72,40,423
October 2012	525.00	471.00	62,667	2,425	3,13,16,640
November 2012	535.00	475.30	59,634	3,278	2,98,10,957
December 2012	557.00	498.00	94,208	4,149	5,02,49,644
January 2013	553.75	480.05	42,995	2,089	2,27,27,358
February 2013	498.95	440.00	18,968	1,152	90,15,739
March 2013	475.00	423.00	21,917	946	97,69,648

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



National Peroxide Limited

(h) Stock Performance:



(i) Registrar and Transfer Agents:

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

(j) Share Transfer System:

Share transfers in physical form are processed within the prescribed period of 15 days w.e.f. 1st October, 2012 from the date of receipt, in case documents are complete in all respects.

(k) (i) Distribution of Shareholding as on 31st March, 2013:

Group of shares	No. of shareholders	No. of shares held	% to total shares
1 to 50	3,523	93,601	1.63
51 to 100	1,191	1,05,020	1.83
101 to 250	2,980	4,40,621	7.67
251 to 500	471	1,84,441	3.21
501 to 1000	242	1,86,009	3.24
1001 to 5000	172	3,47,716	6.05
5001 to 10000	18	1,32,702	2.31
10001 and above	16	42,56,890	74.06
Total:	8,613	57,47,000	100.00

(ii) Category of Shareholders as on 31st March, 2013:

Category	No. of shares held	% to total shares
Indian Promoters	25,28,765	44.00
Foreign Promoters	14,99,250	26.09
Banks	825	0.01
Mutual Funds	NIL	NIL
Private Corporate Bodies	2,64,988	4.61
Indian Public	14,27,977	24.85
NRI/OCB	22,606	0.39
Clearing Members	2,589	0.05
Total:	57,47,000	100.00

(l) Dematerialisation of Shares and Liquidity:

72.14% of the outstanding Equity Shares have been dematerialised upto 31st March, 2013. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th May, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI). The trading/liquidity details are given at item 8(g) above.

(m) Share Capital Audit:

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

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

None

(o) In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the year ended 31st March, 2013, a sum of ₹ 1,28,380/- to the Investor Education and Protection Fund (IEPF).

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

(q) Address for Correspondence:

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

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

9. Non-Mandatory Requirements:

(a) Office of the Chairman of the Board:

The Company partly defrays the 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, 20th May, 2013

DECLARATION

As provided under Clause 49 of the Listing Agreement with BSE Limited, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

For NATIONAL PEROXIDE LIMITED

S. R. LOHOKARE
Managing Director

Mumbai, 20th May, 2013



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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Ltd.

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

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

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

For NILESH SHAH & ASSOCIATES
Company Secretaries

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

Mumbai, 20th May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NATIONAL PEROXIDE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 20th May, 2013



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (vi) regarding acceptance of any deposits from the public (x) regarding accumulated losses and cash losses, (xi) regarding default in repayment of dues to banks, financial institutes and debenture holders, (xii) regarding granting of loans and advances on the basis of securities, (xiii) regarding chit fund, nidhi/mutual benefit fund/societies (xiv) regarding dealing or trading in securities, debentures and other investments (xv) regarding guarantees given by the Company, (xvi) regarding application of the term loans, (xviii) regarding preferential allotment of shares, (xix) regarding creation of security for debentures issued and (xx) regarding end use of money raised by public issues, of paragraph 4 of CARO are not applicable to the Company during the year.
- (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 reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies between the physical stocks and book records were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Act, according to the information and explanations given to us:
 - a. The Company has granted loans aggregating ₹ 100,000,000 to a party during the year. At the year-end, the outstanding balances of such loans granted aggregated ₹ NIL and the maximum amount involved during the year was ₹ 100,000,000.
 - b. The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - c. The receipts of principal amounts and interest have been as per stipulations.
 - d. In our opinion and according to the information and explanations given to us, there are no overdue amounts of over ₹ 1 lakh, as at year end.

The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act and accordingly, clauses (f) and (g) of the paragraph 4(iii) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Act.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

Annual Report 2012-2013

(ix) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ In Lakhs)
The Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai	2006	9.95
The Central Excise Act, 1944	Excise Duty	Commissioner (Appeals), Mumbai	2002-03	1.55

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

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 20th May, 2013



National Peroxide Limited

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	₹ in Lakhs	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
(A) EQUITY AND LIABILITIES:				
SHAREHOLDERS' FUNDS				
(a) Share Capital	2	574.70		574.70
(b) Reserves and Surplus	3	17,230.44		14,252.14
			17,805.14	14,826.84
NON-CURRENT LIABILITIES				
(a) Deferred Tax Liabilities (Net)	4	1,706.69		1,575.35
(b) Long-Term Provisions	5	55.01		54.01
			1,761.70	1,629.36
CURRENT LIABILITIES				
(a) Short-Term Borrowings	6	102.65		526.43
(b) Trade Payables	7	2,548.33		2,007.89
(c) Other Current Liabilities	8	290.15		203.47
(d) Short-Term Provisions	9	1,122.57		897.56
			4,063.70	3,635.35
TOTAL			<u>23,630.54</u>	<u>20,091.55</u>
(B) ASSETS:				
NON-CURRENT ASSETS				
(a) Fixed Assets				
(i) Tangible Assets	10	11,041.76		11,781.95
(ii) Capital Work-in-progress		314.57		258.34
(b) Non-current Investments	11	127.33		127.33
(c) Long-Term Loans and Advances	12	840.44		357.45
			12,324.10	12,525.07
CURRENT ASSETS				
(a) Current Investments	13	5,733.54		2,270.68
(b) Inventories	14	818.83		1,096.27
(c) Trade Receivables	15	3,166.78		2,436.34
(d) Cash and Bank Balances	16	120.29		101.99
(e) Short-Term Loans and Advances	17	1,453.39		1,645.24
(f) Other Current Assets	18	13.61		15.97
			11,306.44	7,566.48
TOTAL			<u>23,630.54</u>	<u>20,091.55</u>

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria
Partner

H. B. CHINYO
Company Secretary

R. BATRA

D. N. MEHTA

N. P. GHANEKAR

Directors

Mumbai, 20th May, 2013

Mumbai, 20th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	₹ in Lakhs	₹ in Lakhs	2011-2012 ₹ in Lakhs
I. REVENUE FROM OPERATIONS	20		21,227.51	15,400.00
II. OTHER INCOME	21		503.95	216.72
III. TOTAL REVENUE			<u>21,731.46</u>	<u>15,616.72</u>
IV. EXPENSES:				
Cost of Raw Material Consumed	22		5,136.85	3,360.60
Changes in inventories of finished goods	23		185.27	587.10
Employee benefits expenses	24		1,394.87	1,068.64
Finance cost	25		34.72	40.75
Depreciation and amortisation expenses	10		1,100.23	1,002.19
Other expenses	26		7,835.52	5,669.10
TOTAL EXPENSES			<u>15,687.46</u>	<u>11,728.38</u>
V. PROFIT BEFORE TAX (III - IV)			6,044.00	3,888.34
VI. TAX EXPENSE:				
— Current tax		1,932.00		810.00
— Deferred tax	4	131.34		336.85
Add : Excess Provision for Taxes of Prior Years		—		(6.63)
			<u>2,063.34</u>	<u>1,140.22</u>
VII. PROFIT FOR THE YEAR (V - VI)			<u>3,980.66</u>	<u>2,748.12</u>
VIII. Earnings per equity share - Basic and Diluted (₹)	29		69.26	47.82
(Face Value ₹ 10)				

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

NESS N. WADIA

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Mumbai, 20th May, 2013

Mumbai, 20th May, 2013



National Peroxide Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lakhs	2011-2012 ₹ in Lakhs
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax.....	6,044.00	3,888.34
Adjustments for:		
Depreciation	1,100.23	1,002.19
Interest expense.....	34.72	40.75
Interest income.....	(343.61)	(67.11)
Dividend income.....	(157.09)	(110.95)
Provision for Employee Benefits.....	18.96	58.68
Loss/(Profit) on sale of Fixed Assets.....	0.39	20.38
Profit on Sale of Investments.....	0.34	—
Deferred Revenue Expenditure amortised.....	—	2.07
Operating Profit before Working Capital Changes.....	6,697.94	4,834.35
Adjustments for (increase)/decrease in operating assets:		
Trade Receivables.....	(730.44)	271.09
Long-term Loans and Advances.....	(358.63)	593.40
Short-term Loans and Advances.....	(308.15)	(382.81)
Term deposits pledged with banks.....	(12.61)	1.36
Dividend Account balance with banks.....	(4.11)	(3.79)
Inventories.....	277.44	743.22
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables.....	540.44	(284.46)
Other Current Liabilities.....	82.57	(279.31)
Cash generated from operations.....	6,184.45	5,493.05
Less: Taxes paid.....	(2,056.36)	(833.07)
Net Cash from Operating Activities (A).....	4,128.09	4,659.98
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital work in progress).....	(417.51)	(3,423.28)
Sale of Fixed Assets.....	0.85	7.91
Interest received.....	345.97	58.70
Dividend received.....	157.09	110.95
Inter Corporate Deposits placed.....	(4,000.00)	(500.00)
Inter Corporate Deposits refunded.....	4,500.00	500.00
Purchase of Investments in Mutual Fund.....	(15,450.96)	(8,027.35)
Sale of Investments in Mutual Fund.....	11,987.75	7,806.76
Net Cash used in Investing Activities (B).....	(2,876.81)	(3,466.31)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Cash Credit.....	(423.78)	(358.74)
Interest paid.....	(34.72)	(40.75)
Dividend and Tax on Dividend paid.....	(791.20)	(796.15)
Net Cash used in Financing Activities (C).....	(1,249.70)	(1,195.64)
Net Decrease in Cash and Cash equivalents (A+B+C).....	1.58	(1.97)
Cash and Cash Equivalents - Opening balance.....	1.10	3.07
Cash and Cash Equivalents - Closing balance.....	2.68	1.10
Cash and Bank Balances - Closing balance (As per Note No. 16).....	120.29	101.99
Less: Deposits with Banks (Pledged as Margin Money).....	88.93	76.32
Less: Unclaimed Dividends.....	28.68	24.57
Cash and Cash Equivalents - Closing balance.....	2.68	1.10
See Significant Accounting Policies and accompanying Notes to the Financial Statements		

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

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Company Secretary

R. BATRA
D. N. MEHTA
N. P. GHANEKAR
} Directors

Mumbai, 20th May, 2013

Mumbai, 20th May, 2013

NOTES TO THE FINANCIAL STATEMENTS

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.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates. Accordingly, certain electronic items are depreciated at 33.33%. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. 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 asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

(e) **Taxes on Income:**

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

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

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

(f) **Investments:**

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

(g) **Inventories:**

Inventories are valued at the lower of the cost and the net realisable value. In the case of raw materials, packing materials and stores and spare parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non-refundable taxes and delivery and handling costs. Cost of finished goods is determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods. Net realisable value is estimated at the expected selling price less estimated completion and selling costs.



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(h) **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.

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

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

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

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

(j) **Foreign Currency Transactions:**

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

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

(k) **Employee Benefits:**

a. **Short-term Employee Benefits**

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

b. **Long-term Employee Benefits**

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

(i) **Defined-contribution plans**

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

(ii) **Defined-benefit plans**

Expenses for defined-benefit gratuity and pension 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 Statement of Profit and Loss.

c. **Other Employee Benefits**

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)**(l) Provisions and Contingencies:**

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

(m) Operating Lease:

Assets acquired on lease where significant portion of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period.

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
2. SHARE CAPITAL		
AUTHORISED		
25,000,000 (Previous Year – 25,000,000) Equity Shares of ₹ 10 each..	2,500.00	2,500.00
ISSUED, SUBSCRIBED AND PAID-UP		
5,747,000 (Previous Year – 5,747,000) Equity Shares of ₹ 10 each.....	574.70	574.70

(Equity shares of ₹ 10 each, fully paid up with voting rights, outstanding at the beginning and at the end of the year)

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

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

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

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

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

Name of the Equity Shareholders	Numbers of shares 31.03.2013	Numbers of shares 31.03.2012
Macrofil Investments Limited	1,884,065	1,884,065
Percentage.....	32.78	32.78
Solvay S A.....	1,442,500	1,442,500
Percentage.....	25.10	25.10



National Peroxide Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
3. RESERVES AND SURPLUS			
GENERAL RESERVE			
Balance as per last balance sheet.....	2,498.50		2,223.50
Add:- Transfer from Surplus in Statement of Profit and Loss.....	399.00		275.00
		2,897.50	2,498.50
SURPLUS IN STATEMENT OF PROFIT AND LOSS			
Opening Balance.....	11,753.64		10,077.79
Add: Profit for the year.....	3,980.66		2,748.12
Amount available for appropriation.....	15,734.30		12,825.91
Less: Proposed Dividend (See Note (i) below).....	862.05		689.64
Less: Tax on Dividend.....	146.51		111.88
Less: Additional Tax on Dividend Credit taken (See Note (ii) below)....	(6.21)		(4.24)
Less: Transfer to General Reserve.....	399.00		275.00
		14,332.94	11,753.64
		17,230.44	14,252.14
(i) The Board of Directors at its meeting held on 20th May, 2013 has recommended a dividend of ₹ 15 (Previous year ₹ 12) per equity share.			
(ii) Additional Tax on dividend credit taken, ₹ 6.21 Lakhs (Previous Year ₹ 4.24 Lakhs), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O)(1A) of the Income Tax Act, 1961.			
4. DEFERRED TAXES			
DEFERRED TAX LIABILITY:			
Depreciation on fixed assets.....		1,764.14	1,624.04
Total.....		1,764.14	1,624.04
DEFERRED TAX ASSET:			
Provision for Compensated Absences.....		(35.32)	(29.89)
Other Provisions.....		(22.13)	(18.80)
Total.....		(57.45)	(48.69)
NET DEFERRED TAX LIABILITY		1,706.69	1,575.35
The Company has recognised in the Statement of Profit and Loss, the net provision of deferred tax liability of ₹ 131.35 Lakhs (Previous year - ₹ 336.85 Lakhs).			
5. LONG-TERM PROVISIONS			
Provision for employee benefits.....		55.01	54.01
		55.01	54.01

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
6. SHORT-TERM BORROWINGS		
SECURED BORROWINGS		
Loans Repayable on Demand:		
Cash Credits	102.65	526.43
(Secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.)		
	<u>102.65</u>	<u>526.43</u>
7. TRADE PAYABLES		
Payable for goods purchased	868.99	826.16
Payable to Employees	60.97	43.19
Payable for other expenses (includes ₹ 0.06 Lakhs (Previous year ₹ 0.05 lakhs) due to Micro and Small Enterprises defined under Micro, Small and Medium Enterprises Development Act, 2006	1,618.37	1,138.55
	<u>2,548.33</u>	<u>2,007.89</u>
Footnote:		
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
8. OTHER CURRENT LIABILITIES		
Advances received from Customers	30.38	30.16
Deposits received from Customers	37.24	5.41
Statutory and Other dues	39.06	30.27
Payable in respect of Capital Goods	66.71	81.74
Payable to Gratuity Fund (Refer to Note No. 27)	88.08	31.32
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	28.68	24.57
	<u>290.15</u>	<u>203.47</u>
9. SHORT-TERM PROVISIONS		
Provision for employee benefits	114.01	96.05
Proposed Dividend:		
Proposed Dividend (Refer to Note No. 3 (i))	862.05	689.64
Tax on Dividend	146.51	111.88
	<u>1,122.57</u>	<u>897.56</u>
Footnote:		
Amount remitted during the year in Foreign Currency on account of dividend	31.03.2013	31.03.2012
1. Number of Shareholders	1	1
2. Number of Shares held	1,442,500	1,442,500
3. Amount remitted (in ₹ Lakhs)	173.10	173.10
4. Year to which dividend relates	2011-12	2010-11



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. FIXED ASSETS

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1-04-2012	Additions during the year	Deductions during the year	Closing as at 31-03-2013	Up to 31-03-2012	For the year	Deductions during the year	Up to 31-03-2013	As at 31-03-2013	As at 31-03-2012
TANGIBLE ASSETS:										
Land : Freehold.....	5.89	—	—	5.89	—	—	—	—	5.89	5.89
Previous Year	(5.89)	—	—	(5.89)	—	—	—	—	(5.89)	
Buildings	590.06	—	—	590.06	283.35	18.62	—	301.97	288.09	306.71
Previous Year	(590.06)	—	—	(590.06)	(264.67)	(18.68)	—	(283.35)	(306.71)	
Plant & Machinery.....	21,962.94	356.88	0.99	22,318.83	10,520.22	1,077.03	0.77	11,596.48	10,722.35	11,442.72
Previous Year	(16,651.84)	(5,350.37)	(39.27)	(21,962.94)	(9,551.84)	(979.36)	(10.98)	(10,520.22)	(11,442.72)	
Furniture & Fixtures.....	75.51	0.87	2.00	74.38	63.15	1.56	0.99	63.72	10.66	12.36
Previous Year	(74.73)	(0.78)	—	(75.51)	(61.47)	(1.68)	—	(63.15)	(12.36)	
Office Equipment	56.00	3.52	—	59.52	41.73	3.02	—	44.75	14.77	14.27
Previous Year	(54.13)	(1.87)	—	(56.00)	(39.26)	(2.47)	—	(41.73)	(14.27)	
TOTAL.....	22,690.40	361.27	2.99	23,048.68	10,908.45	1,100.23	1.76	12,006.92	11,041.76	11,781.95
Previous Year.....	(17,376.65)	(5,353.02)	(39.27)	(22,690.40)	(9,917.24)	(1,002.19)	(10.98)	(10,908.45)	(11,781.95)	—

₹ in Lakhs As at 31.03.2013
₹ in Lakhs As at 31.03.2012
₹ in Lakhs

11. NON CURRENT INVESTMENTS

INVESTMENT IN EQUITY INSTRUMENTS (LONG TERM):

TRADE INVESTMENTS (QUOTED) AT COST:

14,89,700 (Previous year: 297,940 Equity Shares of ₹ 10 each) Equity Shares of ₹ 2 each fully paid up in The Bombay Dyeing & Manufacturing Company Limited 78.03 78.02

12,52,200 (Previous year: 250,440 Equity Shares of ₹ 10 each) Equity Shares of ₹ 2 each fully paid up in The Bombay Burmah Trading Corporation Limited 23.74 23.74

101.76 101.76

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

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

NON-TRADE INVESTMENTS (QUOTED) AT COST:

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

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

0.07 0.07

127.33 127.33

AGGREGATE AMOUNT OF QUOTED:

Cost 101.83 101.83

Market Value 2,738.40 3,223.37

AGGREGATE AMOUNT OF UNQUOTED:

Cost 25.50 25.50

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
12. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances.....	382.52	29.54
Sundry Deposits.....	187.52	181.87
Advance Payment of Taxes (net of provision ₹ 7,475.00 Lakhs [Previous Year - ₹ 5,540.00 Lakhs]).....	270.40	146.04
	<u>840.44</u>	<u>357.45</u>
13. CURRENT INVESTMENTS		
INVESTMENT IN MUTUAL FUND:		
UNQUOTED (AT COST OR MARKET VALUE WHICHEVER IS LOWER):		
SBI Premier Liquid Fund – Institutional – Daily Dividend NIL (Previous Year: 59,942.019) Units of ₹ 10 each.....	—	601.37
SBI Premier Liquid Fund – Regular Plan – Daily Dividend 162,097.07 (Previous Year: NIL) Units of ₹ 10 each.....	1,626.24	—
SBI Premier Liquid Fund – Super Institutional – Growth NIL (Previous Year: 8,904.361) Units of ₹ 10 each.....	—	150.00
JM Money Manager Fund – Super Plan – Daily Dividend (169) 2,166,693.53 (Previous Year: 1,060,690.364) Units of ₹ 10 each.....	217.32	106.20
JM Money Manager Fund – Regular Plan – Daily Dividend (167) 568,938.85 (Previous Year: 531,143.185) Units of ₹ 10 each.....	57.13	53.20
JM Money Manager Fund – Super Plus Plan – Daily Dividend (171) 17,604,032.86 (Previous Year: 6,079,002.34) Units of ₹ 10 each.....	1,762.83	608.37
Birla Sun Life Cash Plus – Institutional – Daily Dividend – Reinvestment NIL (Previous Year: 695,572.355) Units of ₹ 10 each.....	—	751.54
Birla Sunlife Floating Rate Fund – STP – Daily Dividend – Reinvestment 53,555.91 (Previous Year: 695,572.355) Units of ₹ 10 each.....	53.60	—
Birla Sunlife Cash Plus – Daily Dividend – Reinvestment 2,011,433.51 (Previous Year: 695,572.355) Units of ₹ 10 each.....	2,016.42	—
	<u>5,733.54</u>	<u>2,270.68</u>
Aggregate Net Asset Value of units in Mutual Funds.....	5,733.54	2,270.68
14. INVENTORIES		
(At lower of Cost and Net Realisable Value)		
Raw Materials (including Goods-in-transit ₹ 35.51 Lakhs (Previous Year: 60.29 Lakhs)).....	209.22	333.05
Finished Products.....	140.15	325.42
Stores, Spare Parts, and Packing materials.....	469.46	437.80
	<u>818.83</u>	<u>1,096.27</u>



National Peroxide Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
15. TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they were due for payment.....	—	—
Others	3,166.78	2,436.34
	<u>3,166.78</u>	<u>2,436.34</u>
16. CASH AND BANK BALANCES		
CASH AND CASH EQUIVALENTS		
Cash on hand.....	1.64	0.04
Balances With Banks:		
In Current Account.....	1.04	1.06
	<u>2.68</u>	<u>1.10</u>
OTHER BANK BALANCES:		
In Deposit Account having maturity less than 3 months..... (Pledged as Margin Money)	7.32	—
In Deposit Account having maturity less than 12 months but more than 3 months..... (Pledged as Margin Money)	81.61	76.32
In Unpaid Dividend Account	28.68	24.57
	<u>117.61</u>	<u>100.89</u>
	<u>120.29</u>	<u>101.99</u>
17. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Intercompany Deposits.....	—	500.00
Advance to Employees.....	0.23	0.26
Sundry Deposits	60.48	61.62
Balances with Excise, Customs, Sales tax etc.....	510.11	481.71
Prepaid Expenses	10.64	13.68
Advance for Purchase of Materials.....	123.29	76.59
Advance for Expenses	748.64	511.38
	<u>1,453.39</u>	<u>1,645.24</u>
18. OTHER CURRENT ASSETS		
Interest Accrued but not due on fixed deposits with banks.....	0.25	—
Interest Accrued but not due on intercompany deposits.....	—	6.04
Interest Accrued but not due on sundry deposits.....	13.36	9.93
	<u>13.61</u>	<u>15.97</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
19. CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent Liability:		
(a) Excise Duties-Pending in appeal-matters decided against the Company (the Company is not estimating any cash outflow relating to this matter).....	11.50	11.50
Commitments:		
(b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	2,343.92	23.76
(c) Other Commitment		
The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. However the shortfall can also be adjusted against the next year's consumption. GAIL has the discretion to waive off the said Take or Pay charges. Till date GAIL has not levied such charges and the Company also does not foresee any liability on this account in the near future	—	—
(d) Refer to Note No. 33 regarding lease commitment	—	—
	₹ in Lakhs	2012-2013 ₹ in Lakhs
		2011-2012 ₹ in Lakhs
20. REVENUE FROM OPERATIONS		
Sale of Products:		
Hydrogen Peroxide	22,398.99	15,928.13
Sodium Perborate	314.73	270.95
Hydrogen Gas.....	1,001.99	648.50
Gross Total	23,715.71	16,847.58
Less: Excise duty.....	2,514.29	1,516.62
Total	21,201.42	15,330.96
Other Operating Revenue:		
Sale of Scrap.....	15.39	44.39
Trade payable written back (Net).....	—	22.60
Discount received.....	7.30	1.94
Insurance Claims.....	3.40	0.11
	<u>21,227.51</u>	<u>15,400.00</u>



National Peroxide Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	2012-2013 ₹ in Lakhs	2011-2012 ₹ in Lakhs
21. OTHER INCOME			
Interest income from Banks on Fixed Deposits.....		7.17	4.96
Interest income from Intercorporate Deposits.....		322.86	51.71
Other Interest income		13.58	10.44
Dividends (Long Term)			
On Trade Investments	32.60		27.96
From Subsidiary Company	38.25		25.50
Dividends (Current)			
On Other Investments	86.24		57.49
		<u>157.09</u>	<u>110.95</u>
Profit on Sale of Investments		0.34	—
Foreign Exchange Fluctuation (Net).....		2.91	3.66
Deposits written back (Net).....		—	35.00
		<u>503.95</u>	<u>216.72</u>
22. COST OF RAW MATERIAL CONSUMED			
Opening Stock.....		333.05	434.16
Add: Purchases.....		5,013.02	3,342.70
		<u>5,346.07</u>	<u>3,776.86</u>
Less: Capitalisation of Cost of Material consumed during expansion ...		—	83.21
		<u>5,346.07</u>	<u>3,693.65</u>
Less: Closing Stock.....		209.22	333.05
Cost of material consumed		<u>5,136.85</u>	<u>3,360.60</u>
Material consumed comprises of:			
Natural Gas		3,644.54	2,001.05
Solvents and Chemicals.....		856.50	918.16
Others		635.81	441.39
		<u>5,136.85</u>	<u>3,360.60</u>
23. CHANGES IN INVENTORY OF FINISHED GOODS			
Opening balance			
Hydrogen Peroxide	322.05		902.22
Sodium Perborate	3.37		10.30
		<u>325.42</u>	<u>912.52</u>
Closing balance			
Hydrogen Peroxide	126.83		322.05
Sodium Perborate	13.32		3.37
		<u>140.15</u>	<u>325.42</u>
Net (Increase)/Decrease in Finished Goods.....		<u>185.27</u>	<u>587.10</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2012-2013 ₹ in Lakhs	2011-2012 ₹ in Lakhs
24. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Other Benefits	1,027.29	1,021.12
Contributions to Provident and Other Funds (Refer to Note No. 27)	193.77	109.96
Workmen and Staff Welfare Expenses	173.81	150.55
	<u>1,394.87</u>	<u>1,281.63</u>
Less: Amount capitalised during the year	—	212.99
	<u>1,394.87</u>	<u>1,068.64</u>
25. FINANCE COSTS		
Interest on Borrowings	3.46	7.87
Discounting Charges	31.26	32.88
	<u>34.72</u>	<u>40.75</u>
26. OTHER EXPENSES		
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:		
Excise Duty (Change in Closing Stock)	(23.10)	(103.82)
Insurance	43.25	38.67
Rent	17.63	16.37
Rates and Taxes	32.72	40.34
Commission and Discount	37.59	29.74
Packing and Containers	1,926.53	1,283.35
Power, Fuel and Water	3,108.84	1,974.71
Stores and Spare Parts Consumed	462.95	598.00
Repairs and Maintenance - Buildings	2.46	3.89
Repairs and Maintenance - Machinery	459.14	427.56
Freight Outward	1,155.36	1,018.37
Sundry Expenses	535.21	388.25
	<u>7,758.58</u>	<u>5,715.43</u>
AUDITORS' REMUNERATION		
(i) Audit Fees	7.00	7.00
(ii) Other Matters	3.75	2.25
(iii) Reimbursement of Expenses	—	0.14
(iv) Service Tax (Excluding ₹ 1.33 Lakhs (Previous Year ₹ 1.21 Lakhs) which is claimed as input credit)	—	—
	<u>10.75</u>	<u>9.39</u>
Bad Debts	—	1.27
Loss on Sale of Fixed Assets	0.39	20.38
Deferred Revenue Expenditure (Written-off)	—	2.07
Commission to Non Executive Directors	63.23	41.14
Less: Reversal of previous year excess commission	(8.22)	(23.29)
	<u>55.01</u>	<u>17.85</u>
Directors' Sitting Fees	10.80	9.31
	<u>7,835.52</u>	<u>5,775.69</u>
Less: Amount capitalised during the year	—	106.59
	<u>7,835.52</u>	<u>5,669.10</u>



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2012-2013 (₹ in Lakhs)	2011-2012 (₹ in Lakhs)
27. EMPLOYEE BENEFITS OBLIGATIONS		
(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes		
(i) Provident Fund	59.72	59.02
(ii) Superannuation Fund	38.75	33.02
(iii) ESIC	0.17	0.11
(b) Details of the funded gratuity plan are as follows: (Refer to Note No. 8)		
The amounts recognised in the Balance Sheet are as follows:		
(i) Present value of funded obligations	592.46	487.04
(ii) Fair value of plan assets	(504.38)	(455.73)
Amounts in the Balance Sheet:		
Liabilities	88.08	31.31
Assets.....	—	—
The amounts recognised in the Statement of Profit and Loss are as follows:		
(i) Current service cost	20.75	20.01
(ii) Interest on obligation	38.88	33.88
(iii) Expected return on plan assets.....	(38.83)	(25.58)
(iv) Net actuarial losses/(gains) recognised in year	67.27	3.00
(v) Past service cost.....	—	—
(vi) Expenses recognized in the Statement of Profit and Loss	88.08	31.31
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	487.04	454.55
(ii) Service cost	20.75	20.01
(iii) Interest cost	38.88	33.88
(iv) Actuarial losses/(gains)	77.67	10.62
(v) Past service cost.....	—	—
(vi) Benefits paid.....	(31.90)	(32.02)
(vii) Closing defined benefit obligation	592.46	487.04
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.....	455.72	352.29
(ii) Expected return	36.13	25.58
(iii) Actuarial losses/(gains)	10.40	7.61
(iv) Contribution by employer	34.03	102.26
(v) Benefits paid.....	(31.90)	(32.02)
(vi) Closing fair value of plan assets	504.38	455.72

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2012-2013	2011-2012
The major categories of plan assets as a percentage of total plan assets are as follows:		
Category of Assets:		
(i) Government of India Securities.....	16%	18%
(ii) Corporate Bonds	43%	11%
(iii) Special Deposit Scheme.....	22%	24%
(iv) Others.....	19%	47%
Principal actuarial assumptions at the balance sheet date are as follows:		
(i) Discount rate at 31st March	7.95% p.a.	8.60% p.a.
(ii) Expected return on plan assets at 31st March.....	8.50% p.a.	8.50% p.a.
(iii) Rate of increase in compensation		
— Management.....	9.00% p.a.	9.00% p.a.
— Non-Management	6.00% p.a.	6.00% p.a.
(iv) Leaving of service		
21 to 44-age	2.00% p.a.	2.00% p.a.
45 to 59-age	1.00% p.a.	1.00% p.a.

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

	2008-09 (₹ in Lakhs)	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
Defined Benefit Obligation	337.74	326.52	454.55	487.04	592.46
Plan Assets.....	284.72	334.35	352.29	455.73	504.38
Surplus/(Deficit)	(0.53)	0.08	(102.26)	(31.31)	(88.08)
Experience Adjustment on Plan Liabilities...	17.20	12.94	72.97	24.92	58.30
Experience Adjustment on Plan Assets	2.40	3.11	2.02	7.61	10.40

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 2013-14 is ₹ 50 lakhs

	2012-2013 (₹ in Lakhs)	2011-2012 (₹ in Lakhs)
(c) Details of the unfunded Pension plan are as follows:		
The Company has a scheme whereby pension is payable to certain categories of employees based on the number of years of service upto a specified period after retirement.		
The amounts recognised in the Balance Sheet are as follows:		
(i) Present value of funded obligations	65.38	57.96
(ii) Fair value of plan assets	—	—
Amounts in the Balance Sheet:		
Liabilities.....	65.38	57.96
Assets.....	—	—



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2012-2013 (₹ in Lakhs)	2011-2012 (₹ in Lakhs)
The amounts recognised in the Statement of Profit and Loss are as follows:		
(i) Current service cost	1.97	1.94
(ii) Interest on obligation	4.98	4.67
(iii) Expected return on plan assets	—	—
(iv) Net actuarial losses/(gains) recognised in year	3.95	(1.97)
(v) Past service cost	—	—
(vi) Expenses recognized in the Statement of Profit and Loss.....	10.90	4.64
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	57.96	58.17
(ii) Service cost	1.97	1.94
(iii) Interest cost	4.98	4.67
(iv) Actuarial losses/(gains)	3.95	(1.97)
(v) Past service cost	—	—
(vi) Benefits paid	(3.48)	(4.85)
(vii) Closing defined benefit obligation	65.38	57.96
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
(i) Opening fair value of plan assets	—	—
(ii) Expected return	—	—
(iii) Actuarial losses/(gains)	—	—
(iv) Contribution by employer	3.48	4.85
(v) Benefits paid	(3.48)	(4.85)
(vi) Closing fair value of plan assets.....	—	—
Principal actuarial assumptions at the balance sheet date are as follows:		
	2012-2013	2011-2012
(i) Discount rate at 31st March.....	7.95% p.a.	8.60% p.a.
(ii) Rate of increase in compensation.....	6.00% p.a.	6.00% p.a.
The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets are as follows:		
	2012-2013 (₹ in Lakhs)	2011-2012 (₹ in Lakhs)
Defined Benefit Obligations.....	65.38	57.96
Plan Assets	—	—
Surplus/ (Deficit).....	(65.38)	(57.96)
Experience Adjustment on Plan Liabilities	—	—
Experience Adjustment on Plan Assets	—	—

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28. 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	31/3/2013 (₹ in Lakhs)	31/3/2012 (₹ in Lakhs)
(A) Related Parties				
1.	Naperol Investments Ltd.	Wholly owned Subsidiary	Other Income: Dividend Received	38.25 25.50
(B) Key Management Personnel				
	Mr. S. R. Lohokare	Managing Director	Remuneration for the year	204.55 141.97

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

	2012-2013	2011-2012
29. EARNINGS PER EQUITY SHARE		
(a) Net profit for the year (₹ in lakhs).....	3,980.66	2,748.12
(b) Number of equity shares of face value of ₹ 10 each.....	5,747,000	5,747,000
(c) Basic and Diluted Earnings Per Equity Share on the above (₹).....	69.26	47.82

30. OTHER DISCLOSURES

	2012-2013 (₹ in Lakhs)		2011-2012 (₹ in Lakhs)	
(a) Imports on C.I.F. Basis:				
Raw Materials.....	504.90		708.59	
Stores and Spare parts	6.09		29.21	
Capital Goods.....	27.46		153.63	
(b) The value of consumption of directly imported and indigenously obtained raw materials, components, stores and spare parts and the percentage of each of them to the total consumption:				
	2012-2013		2011-2012	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Raw Materials:				
Directly imported	625.57	12	765.47	23
Indigenously obtained	4,511.28	88	2,595.13	77
	<u>5,136.85</u>	<u>100</u>	<u>3,360.60</u>	<u>100</u>
Components, Stores and Spare Parts:				
Directly imported	5.00	1	23.84	4
Indigenously obtained	457.95	99	574.16	96
	<u>462.95</u>	<u>100</u>	<u>598.00</u>	<u>100</u>

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



National Peroxide Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2012-2013 (₹ in Lakhs)	2011-2012 (₹ in Lakhs)
(c) Expenditure in Foreign Currency:		
Membership & Subscription	2.70	2.09
Foreign Travel	4.91	5.26
(d) FOB value of export:		
Hydrogen Peroxide	4.16	4.84

31. SEGMENT INFORMATION

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

32. FOREIGN CURRENCY EXPOSURES

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

Amounts payable in foreign currency on account of the following:

Particulars	2012-2013		2011-2012	
	(₹ in Lakhs)	(Fx in Lakhs)	(₹ in Lakhs)	(Fx in Lakhs)
Import of goods and services.....	63.21	USD 1.15	60.29	USD 1.17

Note : Fx = Foreign Currency; USD = US Dollar

33. 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 31.03.2013 (₹ in Lakhs)	As at 31.03.2012 (₹ in Lakhs)
(a) Total of minimum lease payments for a period:		
— Not later than one year	11.93	15.29
— Later than one year but not later than five years.....	4.28	22.49
— Later than five	—	—
(b) Lease payments recognised in the Statement of Profit and Loss for the year	11.59	12.72

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

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

R. BATRA

D. N. MEHTA

Directors

H. B. CHINYOY
Company Secretary

N. P. GHANEKAR

Mumbai, 20th May, 2013

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, 2013
3. Holding Company's Interest:	
Equity Capital:	
Number of Shares of ₹ 100 each	25,500
Extent of Holding	100%
Redeemable Preference Share Capital:	
Number of Shares	—
Extent of Holding	—
4. The net aggregate of Profit/(Loss) of the Subsidiary Companies in so far as it concerns the members of the Holding Company:	
(a) Not dealt with in the accounts of the Company for the year ended 31st March, 2013:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Profit: ₹ 63.84 lacs
(2) For the previous financial years of the Subsidiary	Profit: ₹ 63.28 lacs
(b) Dealt with in the accounts of the Company for the year ended 31st March, 2013:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Nil
(2) For the previous financial years of the Subsidiary	Nil

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

R. BATRA

D. N. MEHTA

Directors

H. B. CHINYOY
Company Secretary

N. P. GHANEKAR

Mumbai, 20th May, 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NATIONAL PEROXIDE LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitutes "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statement of a subsidiary whose financial statement reflect total assets (net) of Rs. 202.05 lakhs as at 31st March, 2013, total revenues of Rs. 64.71 lakhs and net cash outflow amounting to Rs. 61.72 lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statement have been audited by other auditor whose report have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditor.

Our opinion is not qualified in respect of this matter.

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

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

Mumbai, 20th May, 2013



National Peroxide Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	₹ in Lakhs	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs
(A) EQUITY AND LIABILITIES:				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	2	574.70		574.70
(b) Reserves and Surplus	3	17,405.89		14,401.98
			17,980.59	14,976.68
2. NON-CURRENT LIABILITIES				
(a) Deferred Tax Liability	4	1,706.69		1,575.35
(b) Long-Term Provisions	5	55.01		54.01
			1,761.70	1,629.36
3. CURRENT LIABILITIES				
(a) Short-Term Borrowings	6	102.65		526.43
(b) Trade Payables	7	2,548.75		2,008.39
(c) Other Current Liabilities	8	290.15		203.47
(d) Short-Term Provisions	9	1,123.26		904.47
			4,064.81	3,642.76
TOTAL			<u>23,807.10</u>	<u>20,248.80</u>
(B) ASSETS:				
1. NON-CURRENT ASSETS				
(a) Fixed assets				
(i) Tangible assets	10	11,041.76		11,781.95
(ii) Capital Work-in-progress		314.57		258.34
(b) Non-current Investments	11	300.30		216.96
(c) Long-Term Loans and Advances	12	840.44		357.46
			12,497.07	12,614.71
2. CURRENT ASSETS				
(a) Current Investments	13	5,733.54		2,270.68
(b) Inventories	14	818.83		1,096.27
(c) Trade Receivables	15	3,166.78		2,436.34
(d) Cash and Bank Balances	16	123.88		167.30
(e) Short-Term Loans and Advances	17	1,453.39		1,645.24
(f) Other Current Assets	18	13.61		18.26
			11,310.03	7,634.09
TOTAL			<u>23,807.10</u>	<u>20,248.80</u>

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

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria
Partner

H. B. CHINYOY
Company Secretary

R. BATRA

D. N. MEHTA

N. P. GHANEKAR

Directors

Mumbai, 20th May, 2013

Mumbai, 20th May, 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	₹ in Lakhs	₹ in Lakhs	2011-2012 ₹ in Lakhs
I. REVENUE FROM OPERATIONS.....	20		21,292.22	15,465.18
II. Other Income.....	21		465.70	191.22
III. Total Revenue			<u>21,757.92</u>	<u>15,656.40</u>
IV. EXPENSES:				
Cost of Raw Material Consumed	22		5,136.85	3,360.60
Changes in Inventories	23		185.27	587.10
Employee benefits expenses	24		1,394.87	1,068.64
Finance cost	25		34.72	40.75
Depreciation and amortisation expenses.....	10		1,100.23	1,002.19
Other expenses.....	26		7,835.73	5,670.43
Total Expenses.....			<u>15,687.67</u>	<u>11,729.71</u>
V. PROFIT BEFORE TAX (III - IV).....			6,070.25	3,926.69
VI. Tax expense:				
– Current tax		1,932.67		810.56
– Deferred tax.....	4	131.34		336.85
Add: Excess Provision for Taxes of Prior Years.....		—		(6.63)
			<u>2,064.01</u>	<u>1,140.78</u>
VII. PROFIT FOR THE YEAR (V - VI)			<u>4,006.24</u>	<u>2,785.91</u>
VIII. Basic and Diluted Earnings Per Share (₹)	30		69.71	48.48
(Face Value ₹ 10)				

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

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

Z. F. Billimoria
Partner

H. B. CHINYOY
Company Secretary

R. BATRA

D. N. MEHTA

N. P. GHANEKAR

Directors

Mumbai, 20th May, 2013

Mumbai, 20th May, 2013



National Peroxide Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lakhs	2011-12 ₹ in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	6,070.25	3,926.69
Adjustments for:		
Depreciation	1,100.23	1,002.19
Interest expense	34.72	40.75
Interest income	(343.61)	(67.11)
Dividend income	(118.84)	(85.45)
Provision for Employee Benefits	18.96	58.68
Loss/(Profit) on sale of Fixed Assets	0.39	20.38
Profit on Sale of Investments	0.34	—
Deferred Revenue Expenditure amortised	—	2.07
Operating Profit before Working Capital Changes	6,762.44	4,898.20
Adjustments for (increase)/decrease in operating assets:		
Trade Receivables	(730.44)	271.08
Long-term Loans and Advances	(358.62)	593.40
Short-term Loans and Advances	(308.15)	(382.81)
Term deposits pledged with banks	(12.61)	1.35
Dividend Account balance with banks	(4.11)	(3.79)
Inventories	277.44	743.54
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables	540.36	(284.22)
Other Current Liabilities	82.57	(279.30)
Cash generated from operations	6,248.88	5,557.45
Less: Taxes paid	(2,057.02)	(833.53)
Net Cash from Operating Activities (A)	4,191.86	4,723.92
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital work in progress)	(417.51)	(3,423.28)
Sale of Fixed Assets	0.85	7.91
Interest received	348.26	56.39
Dividend received	118.84	85.45
Inter Corporate Deposits placed	(4,000.00)	(500.00)
Inter Corporate Deposits refunded	4,500.00	500.00
Purchase of Investments in Mutual Fund	(15,534.29)	(8,027.35)
Sale of Investments in Mutual Fund	11,987.75	7,806.76
Net Cash used in Investing Activities (B)	(2,996.10)	(3,494.12)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Cash Credit	(423.78)	(358.74)
Interest paid	(34.72)	(40.75)
Dividend and Tax on Dividend paid	(797.40)	(800.39)
Net Cash used in Financing Activities (C)	(1,255.90)	(1,199.88)
Net Decrease in Cash and Cash equivalents (A+B+C)	(60.14)	29.92
Cash and Cash Equivalents - Opening balance	66.41	36.49
Cash and Cash Equivalents - Closing balance	6.27	66.41
Cash and Bank Balances - Closing balance (As per Note No. 16)	123.88	167.30
Less: Deposits with Banks (Pledged as Margin Money)	88.93	76.32
Less: Current Accounts held for Unclaimed Dividends	28.68	24.57
Cash and Cash Equivalents - Closing balance	6.27	66.41
See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements		

In terms of our report attached.

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

NESS N. WADIA
Chairman

Z. F. Billimoria
Partner

H. B. CHINYOY
Company Secretary

R. BATRA
D. N. MEHTA
N. P. GHANEKAR
} Directors

Mumbai, 20th May, 2013

Mumbai, 20th May, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 31.03.2013 and 31.03.2012
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.

(d) Fixed assets and depreciation:

• Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

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

• Intangible fixed assets

Intangibles comprises of purchased software that are recognised as an asset to the extent that it is expected that such assets will generate future benefits. Such expenditure is being amortised on the straight line basis over the estimated useful life of 6 years. Software costs are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount and its carry values written down exceed this recoverable amount.

(e) Impairment of fixed assets:

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

(f) Taxes on Income:

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

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation,



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

(g) Investments:

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

(h) Inventories:

Inventories are valued at the lower of the cost and the net realisable value. In the case of raw materials, packing materials and stores and spare parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non-refundable taxes and delivery and handling costs. Cost of finished goods is determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods. Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

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

(l) Employee Benefits:

(a) Short-term Employee Benefits

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

(b) Long-term Employee Benefits

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

(i) Defined-contribution plans

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

(ii) Defined-benefit plans

Expenses for defined-benefit gratuity and pension 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

(c) Other Employee Benefits

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

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

(n) Provisions and Contingencies:

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

(o) Operating Lease:

Assets acquired on lease where significant portion of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period.

2. SHARE CAPITAL**AUTHORISED**

25,000,000 (Previous Year – 25,000,000) Equity Shares of ₹ 10 each

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
--	-----------------------------------	-----------------------------------

2,500.00

2,500.00

ISSUED, SUBSCRIBED AND PAID-UP

5,747,000 (Previous Year – 5,747,000) Equity Shares of ₹ 10 each

(Equity shares of ₹ 10 each, fully paid up with voting rights,
outstanding at the beginning and at the end of the year)

574.70

574.70

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

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

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

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

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

Name of the Shareholders	Numbers of shares 31.03.2013	Number of shares 31.03.2012
Macrofil Investments Limited.....	1,884,065	1,884,065
Percentage.....	32.78	32.78
Solvay S A	1,442,500	1,442,500
Percentage.....	25.10	25.10



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
3. RESERVES AND SURPLUS			
CAPITAL REDEMPTION RESERVE			
Balance as per last Balance Sheet		0.02	0.02
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934			
Balance as per last Balance Sheet	67.07		54.29
Add: Transfer from Surplus in Statement of Profit and Loss	12.78		12.78
		79.85	67.07
GENERAL RESERVE			
Balance as per last Balance Sheet	2,542.68		2,261.35
Add: Transfer from Surplus in Statement of Profit and Loss	399.00		281.33
		2,941.68	2,542.68
SURPLUS IN STATEMENT OF PROFIT AND LOSS BALANCE			
Opening Balance	11,792.23		10,103.89
Add: Profit for the year	4,006.24		2,785.91
Amount available for appropriation	15,798.47		12,889.79
Less: Proposed Dividend (See Note (i) below)	862.05		689.64
Less: Tax on Dividend.....	146.51		118.08
Less: Additional Tax on Dividend Credit taken (See Note (ii) below)	(6.21)		(4.24)
Less: Transfer to General Reserve	399.00		281.33
Less: Transfer to Special Reserve under Section 45 IC of the Reserve Bank of India Act, 1934.....	12.78		12.78
		14,384.34	11,792.21
		17,405.89	14,401.98
		<u>17,405.89</u>	<u>14,401.98</u>
(i) The Board of Directors at its meeting held on 20th May, 2013 has recommended a dividend of ₹ 15 (Previous year ₹ 12) per equity share.			
(ii) Additional Tax on dividend credit taken, ₹ 6.21 Lakhs (Previous Year ₹ 4.24 Lakhs), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O)(1A) of the Income Tax Act, 1961.			
4. DEFERRED TAXES		As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
Deferred tax liability:			
Depreciation on fixed assets		1,764.14	1,624.04
TOTAL		<u>1,764.14</u>	<u>1,624.04</u>
Deferred tax asset:			
Provision for Compensated Absences.....		(35.32)	(29.89)
Other Provisions.....		(22.13)	(18.80)
TOTAL		<u>(57.45)</u>	<u>(48.69)</u>
Net deferred tax liability		<u>1,706.69</u>	<u>1,575.35</u>
The Company has recognised in the Statement of Profit and Loss, the net provision of deferred tax liability of ₹ 131.35 Lakhs (Previous year - ₹ 336.85 Lakhs)..			
5. LONG-TERM PROVISIONS			
Provision for employee benefits.....		55.01	54.01
		<u>55.01</u>	<u>54.01</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
6. SHORT-TERM BORROWINGS		
SECURED BORROWINGS		
Loans Repayable on Demand:		
Cash Credits.....	102.65	526.43
(Secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.)		
	<u>102.65</u>	<u>526.43</u>
7. TRADE PAYABLES		
Payable for goods purchased.....	868.99	826.16
Payable to Employees	60.97	43.19
Payable for other expenses (includes ₹ 0.06 Lakhs (Previous year ₹ 0.05 lakhs) due to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006)	1,618.79	1,139.04
	<u>2,548.75</u>	<u>2,008.39</u>
8. OTHER CURRENT LIABILITIES		
Advance & Deposits received from Customers	30.38	30.16
Deposits received from Customers	37.24	5.41
Statutory and Other dues	39.06	30.27
Payable in respect of Capital Goods	66.71	81.74
Payable to Gratuity Fund (Refer to Note No. 27)	88.08	31.32
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends.....	28.68	24.57
	<u>290.15</u>	<u>203.47</u>
9. SHORT-TERM PROVISIONS		
Provision for employee benefits.....	114.01	96.05
Proposed Dividend:		
Proposed Dividend (Refer to Note No. 3 (i))	862.05	689.64
Tax on Dividend	146.51	118.08
Provision for Income Tax (net of Advance Tax)	0.69	0.70
	<u>1,123.26</u>	<u>904.47</u>
FOOTNOTE:		
Amount remitted during the year in Foreign Currency on account of dividend	31.03.2013	31.03.2012
1. Number of Shareholders.....	1	1
2. Number of Shares held	1,442,500	1,442,500
3. Amount remitted (in ₹ Lakhs)	173.10	173.10
4. Year to which dividend relates.....	2011-12	2010-11



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

10. FIXED ASSETS

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1-04-2012	Additions during the year	Deductions during the year	Closing as at 31-03-2013	Up to 31-03-2012	For the year	Deductions during the year	Up to 31-03-2013	As at 31-03-2013	As at 31-03-2012
TANGIBLE ASSETS:										
Land : Freehold.....	5.89	—	—	5.89	—	—	—	—	5.89	5.89
Previous Year	(5.89)	—	—	(5.89)	—	—	—	—	(5.89)	—
Buildings	590.06	—	—	590.06	283.35	18.62	—	301.97	288.09	306.71
Previous Year	(590.06)	—	—	(590.06)	(264.67)	(18.68)	—	(283.35)	(306.71)	—
Plant & Machinery.....	21,962.94	356.88	0.99	22,318.83	10,520.22	1,077.03	0.77	11,596.48	10,722.35	11,442.72
Previous Year	(16,651.84)	(5,350.37)	(39.27)	(21,962.94)	(9,551.84)	(979.36)	(10.98)	(10,520.22)	(11,442.72)	—
Furniture & Fixtures.....	75.51	0.87	2.00	74.38	63.15	1.56	0.99	63.72	10.66	12.36
Previous Year	(74.73)	(0.78)	—	(75.51)	(61.47)	(1.68)	—	(63.15)	(12.36)	—
Office Equipments.....	56.00	3.52	—	59.52	41.73	3.02	—	44.75	14.77	14.27
Previous Year	(54.13)	(1.87)	—	(56.00)	(39.26)	(2.47)	—	(41.73)	(14.27)	—
TOTAL	22,690.40	361.27	2.99	23,048.68	10,908.45	1,100.23	1.76	12,006.92	11,041.76	11,781.95
<i>Total Previous Year</i>	<i>(17,376.65)</i>	<i>(5,353.02)</i>	<i>(39.27)</i>	<i>(22,690.40)</i>	<i>(9,917.24)</i>	<i>(1,002.19)</i>	<i>(10.98)</i>	<i>(10,908.45)</i>	<i>(11,781.95)</i>	<i>—</i>

As at
31.03.2013
₹ in Lakhs

As at
31.03.2012
₹ in Lakhs

11. NON CURRENT INVESTMENTS

Investment in Equity Instruments (Long Term):

Trade Investments (Quoted) at Cost:

1,895,900 (Previous year: 379,180 Equity Shares of ₹ 10 each) Equity Shares of ₹ 2 each fully paid up in The Bombay Dyeing & Manufacturing Company Limited	102.62	102.62
5,460,600 (Previous year: 1,092,120 Equity Shares of ₹ 10 each) Equity Shares of ₹ 2 each fully paid up in The Bombay Burmah Trading Corporation Limited	111.88	111.88
	214.50	214.50

Non-Trade Investments (Quoted) at Cost:

600 (Previous year: 600) Equity Shares of ₹ 2 each fully paid up in Housing Development Finance Corporation Limited.....	0.02	0.02
2,500 (Previous year: 2,500) Shares of ₹ 2 each fully paid up in HDFC Bank Limited.....	0.05	0.05
8 (Previous year: 8) Equity Shares of ₹ 2 each fully paid up in Larsen and Toubro Limited	—	—
3,000 (Previous year: 3,000) Equity Shares of ₹ 10 each fully paid up in Technojet Consultants Limited.....	0.31	—
60 (Previous year: 60) Equity Shares of ₹ 2 each fully paid up in ABB Limited.....	0.01	0.01
56 (Previous year: 56) Equity Shares of ₹ 10 each fully paid up in Tata Chemicals Limited	0.02	0.02
50 (Previous year: 50) Equity Shares of ₹ 2 each fully paid up in Finolex Cables Limited	—	—
300 (Previous year: 300) Equity Shares of ₹ 10 each fully paid up in ACC Limited	0.09	0.09
66 (Previous year: 66) Equity Shares of ₹ 1 each fully paid up in Colgate Palmolive India Limited.....	—	—
233 (Previous year: 233) Equity Shares of ₹ 10 each fully paid up in J. K. Synthetics Limited.....	0.02	—
46 (Previous year: 46) Equity Shares of ₹ 10 each fully paid up in J. K. Cement Limited.....	—	—
7 (Previous year: 7) Equity Shares of ₹ 10 each fully paid up in ORG Infomatics Limited.....	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
933 (Previous year: 933) Equity Shares of ₹ 10 each fully paid up in ICICI Bank Limited.....	0.51	0.51
12 (Previous year: 12) Equity Shares of ₹ 10 each fully paid up in ALSTOM Project India Limited.....	—	—
1 (Previous year: 1) Equity Shares of ₹ 10 each fully paid up in UltraTech Cement Limited.....	—	—
	1.03	0.70
Non-Trade Investments (Unquoted) at Cost:		
1,000 (Previous year: 1,000) Equity Shares of ₹ 100 each fully paid up in B. R. T. Limited	1.37	1.37
Investment in Debenture Instruments (Unquoted):		
393 (Previous year: 393) Zero% Unsecured Fully Convertible Debentures of ₹ 100 each in Sunflower Investments and Textiles Private Limited.....	0.39	0.39
Investment in Mutual Fund (Unquoted):		
Birla Sunlife (318,478 (Previous year NIL) Units of ₹ 10 each	60.00	—
Kotak Mahindra (71,668 (Previous year NIL) Units of ₹ 10 each	23.00	—
	300.29	216.96
Aggregate amount of Quoted Investments:		
Cost	214.57	214.57
Market Value.....	7,861.92	8,678.13
12. LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)		
Capital Advances.....	382.52	29.54
Sundry Deposits	187.52	181.87
Prepaid Expenses	—	—
Advance Payment of Taxes (net of provision ₹ 7,475.00 Lakhs [Previous Year - ₹ 5,540.00 Lakhs]).....	270.40	146.04
	840.44	357.46
13. CURRENT INVESTMENTS		
Investment in Mutual Fund:		
Unquoted (at cost or market value whichever is lower):		
SBI Premier Liquid Fund - Institutional - Daily Dividend 59,942.019 (Previous Year: Nil) Units of ₹ 10 each	1,626.24	601.37
SBI Premier Liquid fund - Super Institutional - Growth 8,904.361 (Previous Year: Nil) Units of ₹ 10 each	—	150.00
JM Money Manager Fund - Super Plan - Daily Dividend (169) 1,060,690.364 (Previous Year: Nil) Units of ₹ 10 each	217.32	106.20
JM Money Manager Fund - Regular Plan - Daily Dividend (167) 531,143.185 (Previous Year: Nil) Units of ₹ 10 each	57.13	53.20
JM Money Manager Fund - Super Plus Plan - Daily Dividend (171) 6,079,002.34 (Previous Year: Nil) Units of ₹ 10 each	1,762.83	608.37
Birla Sun Life Cash plus - Institutional - Daily Dividend - Reinvestment 695,572.355 (Previous Year: Nil) Units of ₹ 10 each	—	751.54
Birla Sunlife Floating Rate Fund - STP - Daily Dividend - Reinvestment 53,555.91 (Previous Year: 695,572.355) Units of ₹ 10 each	53.60	—
Birla Sunlife Cash Plus - Daily Dividend - Reinvestment 2,011,433.51 (Previous Year: 695,572.355) Units of ₹ 10 each....	2,016.42	—
	5,733.54	2,270.68
Aggregate Net Asset Value of units in Mutual Funds	5,733.54	2,270.68



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
14. INVENTORIES		
(at lower of Cost and Net Realisable Value)		
Raw Materials (including Goods-in-transit ₹ 35.51 Lakhs (Previous Year – 60.29 Lakhs))	209.22	333.05
Finished Products.....	140.15	325.42
Stores, Spare Parts, and Packing materials	469.46	437.80
	<u>818.83</u>	<u>1,096.27</u>
15. TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they were due for payment	—	—
Others.....	3,166.78	2,436.34
	<u>3,166.78</u>	<u>2,436.34</u>
16. CASH AND BANK BALANCES		
Cash and Cash Equivalents:		
Cash on hand.....	1.79	0.18
Balances With Banks :		
In Current Account	4.48	2.23
In Deposit Account having maturity less than 3 months..... (Pledged as Margin Money)	—	64.00
	<u>6.27</u>	<u>66.41</u>
Other Bank Balances:		
In Deposit Account having maturity less than 3 months..... (Pledged as Margin Money)	7.32	—
In Deposit Account having maturity less than 12 months but more than 3 months..... (Pledged as Margin Money)	81.61	76.32
In Unpaid Dividend Account.....	28.68	24.57
	<u>117.61</u>	<u>100.89</u>
	<u>123.88</u>	<u>167.30</u>
17. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Intercompany Deposits	—	500.00
Advance to Employees.....	0.23	0.26
Sundry Deposits.....	60.48	61.62
Balances with Excise, Customs, etc	510.11	481.71
Prepaid Expenses.....	10.64	13.68
Advance for Purchase of Materials	123.29	76.59
Advance for Expenses	748.64	511.38
	<u>1,453.39</u>	<u>1,645.24</u>
18. OTHER CURRENT ASSETS		
Interest Accrued but not due on fixed deposits with banks.....	0.25	2.29
Interest Accrued but not due on intercompany deposits	—	6.04
Interest Accrued but not due on sundry deposits	13.36	9.93
	<u>13.61</u>	<u>18.26</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
19. CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent Liability:		
(a) Excise Duties-Pending in appeal-matters decided against the Company (the Company is not estimating any cash outflow relating to this matter).....	11.50	11.50
Commitments:		
(b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	2,343.92	23.76
(c) Other Commitment The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. However the shortfall can also be adjusted against the next year's consumption. GAIL has the discretion to waive off the said Take or Pay charges. Till date GAIL has not levied such charges and the Company also does not foresee any liability on this account in the near future		
(d) Refer to Note No. 31 regarding lease commitment		
	₹ in Lakhs	2012-2013 ₹ in Lakhs
		2011-2012 ₹ in Lakhs
20. REVENUE FROM OPERATIONS		
Sale of Products:		
Hydrogen Peroxide	22,398.99	15,928.13
Sodium Perborate	314.73	270.95
Hydrogen Gas.....	1,001.99	648.50
GROSS TOTAL	23,715.71	16,847.58
Less: Excise duty.....	2,514.29	1,516.62
TOTAL	21,201.42	15,330.96
Dividend from Non Current Investment.....	61.11	62.01
Interest income from Banks on Fixed Deposits.....	3.60	3.17
Other Operating Revenue:		
Sale of Scrap.....	15.39	44.39
Trade payable written back (Net).....	—	22.60
Discount received.....	7.30	1.94
Insurance Claims.....	3.40	0.11
	21,292.22	15,465.18
21. OTHER INCOME		
Interest income from Banks on Fixed Deposits.....	7.17	4.96
Interest income from Intercorporate Deposits.....	322.86	51.71
Other Interest income	13.58	10.44
Dividends		
On Trade Investments (Long Term)	32.60	27.96
On Other Investments (Current)	86.24	57.49
	118.84	85.45
Profit on Sale of Investments	0.34	—
Foreign Exchange Fluctuation (Net).....	2.91	3.66
Deposits written back (Net).....	—	35.00
	465.70	191.22



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	2012-2013 ₹ in Lakhs	2011-2012 ₹ in Lakhs
22. COST OF RAW MATERIAL CONSUMED			
Opening Stock.....		333.05	434.16
Add: Purchases.....		5,013.02	3,342.70
		5,346.07	3,776.86
Less: Capitalisation of Cost of Material consumed during expansion		—	83.21
		5,346.07	3,693.65
Less: Closing Stock.....		209.22	333.05
Cost of material consumed		5,136.85	3,360.60
Material consumed comprises of:			
Natural Gas.....		3,644.54	2,001.05
Solvents and Chemicals		856.50	918.16
Others		635.81	441.39
		5,136.85	3,360.60
23. CHANGES IN INVENTORIES			
Opening balance of the inventory			
Hydrogen Peroxide	322.05		902.22
Sodium Perborate	3.37		10.30
Closing balance of the inventory		325.42	912.52
Hydrogen Peroxide	126.83		322.05
Sodium Perborate	13.32		3.37
		140.15	325.42
Net (Increase)/Decrease in Inventories		185.27	587.10
24. EMPLOYEE BENEFITS EXPENSES			
Salaries, Wages and Other Benefits		1,027.29	1,021.12
Contributions to Provident and Other Funds (Refer to Note No. 27)		193.77	109.96
Workmen and Staff Welfare Expenses		173.81	150.55
		1,394.87	1,281.63
Less: Amount capitalised during the year		—	212.99
		1,394.87	1,068.64
25. FINANCE COSTS			
Interest on Borrowings		3.46	7.87
Discounting Charges		31.26	32.88
		34.72	40.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	₹ in Lakhs	2012-2013 ₹ in Lakhs	2011-2012 ₹ in Lakhs
26. OTHER EXPENSES			
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:			
Excise Duty (Relating to Closing Stock)	(23.10)		(103.82)
Insurance	43.25		38.67
Rent	17.63		16.37
Rates and Taxes	32.72		40.34
Commission and Discount	37.59		29.74
Packing and Containers.....	1,926.53		1,283.35
Power, Fuel and Water	3,108.84		1,974.71
Stores and Spare Parts Consumed	462.95		598.00
Repairs and Maintenance – Buildings.....	2.46		3.88
Repairs and Maintenance – Machinery.....	459.14		427.56
Freight Outward	1,155.36		1,018.37
Sundry Expenses	534.99		389.19
		7,758.36	5,716.36
Auditors' Remuneration:			
(i) Audit Fees.....	7.32		7.25
(ii) Other Matters.....	3.85		2.40
(iii) Out of Pocket Expenses	—		0.14
(iv) Service Tax (Excluding ₹ 1.33 Lakhs (Previous Year ₹ 1.12 Lakhs) which is claimed as input credit)	—		—
		11.17	9.79
Bad Debts		—	1.27
Loss on Sale of Fixed Assets		0.39	20.38
Deferred Revenue Expenditure (Written-off)		—	2.07
Commission to Non Executive Directors.....	63.23		41.14
Less: Reversal of previous year excess commission.....	(8.22)		(23.29)
		55.01	17.85
Directors' Sitting Fees		10.80	9.31
		7,835.73	5,777.02
Less: Amount capitalised during the year.....		—	106.59
		7,835.73	5,670.43



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at 2012-13 ₹ in Lakhs	As at 2011-12 ₹ in Lakhs
27. Employee Benefits Obligations		
(a) The Group has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes		
(i) Provident Fund	59.72	59.02
(ii) Superannuation Fund	38.75	33.02
(iii) ESIC	0.17	0.11
(b) Details of funded gratuity plan are as follows:		
The amounts recognised in the Balance Sheet are as follows:		
(i) Present value of funded obligations	592.46	487.04
(ii) Fair value of plan assets	(504.38)	(455.73)
Amounts in the Balance Sheet		
Liabilities	(88.08)	(31.31)
Assets	—	—
The amounts recognised in the statement of Profit and Loss are as follows:		
(i) Current service cost	20.75	20.01
(ii) Interest on obligation	38.88	33.88
(iii) Expected return on plan assets	(38.83)	(25.58)
(iv) Net actuarial losses/(gains) recognised in year	67.27	3.00
(v) Past service cost	—	—
(vi) Expenses recognized in the statement of Profit and Loss	88.07	31.31
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	487.04	454.55
(ii) Service cost	20.75	20.01
(iii) Interest cost	38.88	33.88
(iv) Actuarial losses/(gains)	77.67	10.62
(v) Past service cost	—	—
(vi) Benefits paid	(31.90)	(32.02)
(vii) Closing defined benefit obligation	592.44	487.04
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	455.72	352.29
(ii) Expected return	36.13	25.58
(iii) Actuarial losses/(gains)	10.40	7.61
(iv) Contribution by employer	34.03	102.26
(v) Benefits paid	(31.90)	(32.02)
(vi) Closing fair value of plan assets	504.38	455.72
The major categories of plan assets as a percentage of total plan assets are as follows:		
Category of Assets	2012-13	2011-12
(i) Government of India Securities	16%	18%
(ii) Corporate Bonds	43%	11%
(iii) Special Deposit Scheme	22%	24%
(iv) Others	19%	47%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2012-13	2011-12
Principal actuarial assumptions at the Balance Sheet date are as follows:		
(i) Discount rate at 31st March	7.95% p.a.	8.60% p.a.
(ii) Expected return on plan assets at 31st March	8.50% p.a.	8.50% p.a.
(iii) Rate of increase in compensation		
– Management	9.00% p.a.	9.00% p.a.
– Non-Management.....	6.00% p.a.	6.00% p.a.
(iv) Leaving of service		
21 to 44-age.....	2.00% p.a.	2.00% p.a.
45 to 59-age.....	1.00% p.a.	1.00% p.a.

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

	2008-09 (₹ in Lakhs)	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
Defined Benefit Obligation	337.74	326.52	454.55	487.04	592.46
Plan Assets	284.72	334.35	352.29	455.73	504.38
Surplus/(Deficit).....	(0.53)	0.08	(102.26)	(31.31)	(88.08)
Experience Adjustment on Plan Liabilities	17.20	12.94	72.97	24.92	58.30
Experience Adjustment on Plan Assets	2.40	3.11	2.02	7.61	10.40

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 2013-14 is ₹ 50 Lakhs.

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

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

The amounts recognised in the Balance Sheet are as follows:

	2012-13 ₹ in Lakhs	2011-12 ₹ in Lakhs
(i) Present value of funded obligations	65.38	57.96
(ii) Fair value of plan assets	—	—

Amounts in the Balance Sheet

Liabilities.....	65.38	57.96
Assets	—	—

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

(i) Current service cost.....	1.97	1.94
(ii) Interest on Defined benefit obligation	4.98	4.67
(iii) Expected return on plan assets	—	—
(iv) Net actuarial losses/(gains) recognised in year	3.95	(1.97)
(v) Past service cost	—	—
(vi) Expenses recognized in the statement of Profit and Loss	10.90	4.64



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2012-13 ₹ in Lakhs	2011-12 ₹ in Lakhs
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	57.96	58.17
(ii) Service cost	1.97	1.94
(iii) Interest cost	4.98	4.67
(iv) Actuarial losses/(gains)	3.95	(1.97)
(v) Past service cost	—	—
(vi) Benefits paid	(3.48)	(4.85)
(vii) Closing defined benefit obligation	65.38	57.96
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
(i) Opening fair value of plan assets	—	—
(ii) Expected return	—	—
(iii) Actuarial losses/(gains)	—	—
(iv) Contribution by employer	3.48	4.85
(v) Benefits paid	(3.48)	(4.85)
(vi) Closing fair value of plan assets	—	—
Principal actuarial assumptions at the Balance Sheet date are as follows:		
(i) Discount rate at 31st March	2012-13 7.95% p.a.	2011-12 8.60% p.a.
(ii) Rate of increase in compensation	8.50% p.a.	6.00% p.a.
The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment, arising on plan liabilities and plan assets are as follows:		
	2012-13 ₹ in Lakhs	2011-12 ₹ in Lakhs
Defined Benefit Obligation	65.38	57.96
Plan Assets	—	—
Surplus/(Deficit)	(65.38)	(57.96)
Experience Adjustment on Plan Liabilities	—	—
Experience Adjustment on Plan Assets	—	—

28. 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	2012-13 ₹ in Lakhs	2011-12 ₹ in Lakhs
Mr. S. R. Lohokare	Managing Director	Remuneration for the year	204.55	141.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**29. 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.

Information about Primary Business Segments	31.03.2013 ₹ in Lakhs	31.03.2012 ₹ in Lakhs
1. SEGMENT REVENUE		
Peroxygen	21,230.76	15,438.66
Others	64.71	65.18
Unallocated	462.79	152.56
Total Revenue	<u>21,758.26</u>	<u>15,656.40</u>
2. SEGMENT RESULTS (Profit before Interest and Tax)		
Peroxygen	5,578.41	3,771.41
Others	64.51	63.85
Unallocated:		
Interest Paid.....	(34.72)	(40.75)
Other Income	462.45	152.56
Profit/(Loss) on sale of assets	(0.39)	(20.38)
	<u>427.34</u>	<u>91.43</u>
Profit before Taxes	6,070.25	3,926.69
Less: Provision for taxes	(2,064.01)	(1,140.78)
Profit after Taxes	<u>4,006.24</u>	<u>2,785.91</u>
3. OTHER INFORMATION		
(i) SEGMENT ASSETS:		
Peroxygen	17,769.68	17,547.51
Others	3.59	182.05
Unallocated	6,033.84	2,518.54
Total	<u>23,807.10</u>	<u>20,248.10</u>
(ii) SEGMENT LIABILITIES:		
Peroxygen	2,941.13	2,361.42
Others	1.11	0.50
Unallocated	2,884.27	2,909.50
Total	<u>5,826.51</u>	<u>5,271.42</u>
(iii) CAPITAL EXPENDITURE:		
Peroxygen	56.23	3,423.28
Others	—	—
Unallocated	—	—
Total	<u>56.23</u>	<u>3,423.28</u>
(iv) DEPRECIATION:		
Peroxygen	1,100.23	1,002.19
Others	—	—
Unallocated	—	—
Total	<u>1,100.23</u>	<u>1,002.19</u>
(v) NON CASH EXPENDITURE OTHER THAN DEPRECIATION:		
Peroxygen	—	1.27
Others	—	—
Unallocated	0.39	20.38
Total	<u>0.39</u>	<u>21.64</u>

Notes:-

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



National Peroxide Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

30. Earning Per Share:

	2012-2013	2011-2012
a. Profit for the year (₹ in lakhs)	4,006.24	2,785.91
b. Number of equity shares of face value of ₹ 10 each.....	5,747,000	5,747,000
c. Basic and Dilute Earnings Per Share on the above (₹)	69.71	48.48

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

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
(a) Total of minimum lease payments for a period:		
– Not later than one year	11.93	15.29
– Later than one year but not later than five years.....	4.28	22.49
– Later than five years	—	—
(b) Lease payments recognised in the statement of Profit and Loss for the year	11.59	12.72

32. Foreign Currency Exposures:

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

Amounts payable in foreign currency on account of the following:

Particulars	2012-13		2011-12	
	(₹ in Lakhs)	(Fx in Lakhs)	(₹ in Lakhs)	(Fx in Lakhs)
Import of goods and services.....	63.21	USD 1.15	60.29	USD 1.17

Note : Fx = Foreign Currency; USD = US Dollar

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

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

NESS N. WADIA

Chairman

R. BATRA

D. N. MEHTA

Directors

H. B. CHINYOY
Company Secretary

N. P. GHANEKAR

Mumbai, 20th May, 2013

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, 2013.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2013 (Rupees in lac)	For the year ended 31st March, 2012 (Rupees in lac)
Operating Profit for the year	64.51	63.85
Less : Provision for Tax	0.67	0.57
Profit after Tax	<u>63.84</u>	<u>63.28</u>
Add : Profit brought forward from previous year	0.34	0.62
Profit Available For Appropriation	<u>64.18</u>	<u>63.91</u>
Appropriations:		
Proposed Dividend	-	38.25
Corporate Dividend Tax	-	6.21
Transferred to General Reserve	6.39	6.33
Transferred to Regulated Reserve Fund (NBFC)	12.78	12.78
Balance carried to Balance Sheet	45.01	0.34
	<u>64.18</u>	<u>63.91</u>

2. DIVIDEND

In order to conserve resources, the Board does not recommend any dividend for the year ended 31st March, 2013.

3. FIXED DEPOSITS

No deposits from the Public were accepted and were outstanding with the Company during the year ended 31st March, 2013.

4. DIRECTORS

Mr. S. R. Lohokare 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 -

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

- ii. they have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013;
- iii. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that they have prepared the annual accounts on a going concern basis.

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

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

7. PARTICULARS OF EMPLOYEES

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

8. AUDITORS

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

9. INTERNAL AUDIT SYSTEM

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

10. COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

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

On behalf of the Board of Directors

(S. S. KELKAR)
Chairman

Mumbai, 14th May, 2013

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, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder, and wherever required all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Maharashtra, Mumbai, with additional filing fees in case of delay. However, no forms or returns

were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.

3. The Company was deemed Public Limited Company under erstwhile section 43A (1) of the Companies Act, 1956 and has the minimum prescribed paid-up capital and its maximum number of members are two. As National Peroxide Limited holds 100% of the paid-up capital of the Company and since provisions of section 43A are deleted by the Companies (Amendment) Act, 2000, the Company is yet to increase number of shareholders to Seven and convert itself into a Public Limited within the meaning of Section 3(1)(iv) of the Act and to delete inconsistent clause(s) in the Articles of Association of the Company.
4. The Board of Directors duly met 4 (four) times for the meetings held on 20.04.2012, 09.08.2012, 09.11.2012, and 14.02.2013 respectively, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close and has not closed its Register of Members during the financial year under review and consequently compliance u/s 154 of the Act is not required.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 20th June, 2012 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.



NAPEROL INVESTMENTS LIMITED

7. No Extra Ordinary General Meetings were held during the financial year under review.
8. The Company has not advanced any loans to its directors and / or persons or firms or companies referred to in Section 295 of the Act, during the financial year under review.
9. The Company has not entered into any Contracts in violation of the provision of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There are no appointments or contracts in respect of holding an office or place of profit within the meaning of Section 314 of the Act and accordingly the Company was not required to obtain any approval from the Board of Directors, Members and the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. During the financial year under review:
 - (i) there was no allotment /transfer /transmission of securities;
 - (ii) paid the amount of dividend within statutory time limits and hence the Company has not deposited the amount of declared dividend in a separate Bank Account;
 - (iii) paid the amount of dividend declared within the statutory time limit from the date of declaration of such dividend and hence no warrants were required to be posted to the members;
 - (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 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 made investments in other bodies corporate and has made necessary entries in the register kept for the purpose. However, it may be noted that the principal business of the Company being acquisition of shares, stock, debentures and other securities, the Company is covered under the exemption provided under Section 372A(8)(a)(ii) of the Act.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year.
32. As explained to us, the Company has not received any amount as security from its employees during the financial year under certification in terms of the provisions of section 417(1) of the Act.
33. The Company has no outstanding amount to be deposited with prescribed authorities under the provisions of Section 418 of the Act.

(NILESH G. SHAH)
Company Secretary
(FCS - 4554)
C.P. No.: 2631

Place: Mumbai
Date: 14th May, 2013

Annexure A

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

Annexure B

Sr. No.	Form No./Return	Filed Under Section	Purpose	Date of Filing and SRN
1.	Form No. 66 (Compliance Certificate) Dtd: 31.03.2012	383A	As per Companies (Compliance Certificate) Rules, 2001	19.07.2012 P88076419
2.	Form No. 20B (Annual Return) Dtd: 20.06.2012	159, 160, 161	As per requirement of the Act.	11.08.2012 P88347901
3.	Form No. 23AC / 23ACA (Annual Accounts) Dtd: 31.03.2012	210	As per requirement of the Act.	31.10.2012 P93470177

(NILESH G. SHAH)
Company Secretary
(FCS - 4554)
C.P. No.: 2631

Place: Mumbai
Date: 14th May, 2013

NAPEROL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAPEROL INVESTMENTS LIMITED

We have audited the accompanying financial statements of **NAPEROL INVESTMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

- In respect of its fixed assets:
The Company does not have any Fixed Assets and therefore the requirements of clause (i) of paragraph 4 of the Order are not applicable.
- In respect of its inventories:
The Company does not have any Inventories and therefore the requirements of clause (ii) of paragraph 4 of the Order are not applicable.
- In respect of the loans, secured or unsecured, the Company has not granted or taken any loans, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (the Act). Consequently, the requirements of clause (iii) of paragraph 4 of the Order are not applicable.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purpose of conducting its investment activities. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- In respect of the contracts or arrangements referred to in Section 301 of the Act, based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions with related parties and therefore no particulars of contracts or arrangements referred to in Section 301 of the Act are given.
- According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year as per Section 58A, Section 58AA and any other relevant provisions of the Act, and the rules framed thereunder in respect of acceptance of deposits from the public. Further, according to the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order on the Company in respect of the aforesaid deposits. Therefore, the provisions of clause (vi) of the paragraph 4 of the Order are not applicable to the Company.
- The Company does not have an Internal Audit System. According to the information and explanations given to us, having regard to the size of the Company and the nature of its business, the Management does not consider it necessary to have an internal audit system for the Company.
- According to the information and explanations given to us, the maintenance of cost records as per the Companies (Cost Accounting Records) Rules, 2011 has not been prescribed by the Central Government under Section 209(1)(d) of the Act, in respect of the Company's nature of business and activities.
- In respect of statutory dues:
 - According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act;
 - On the basis of the written representations received from the directors as on 31st March 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of Section 274(1) (g) of the Act.
- As required by "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008", we further report that:
 - The Company is engaged in the business of non-banking financial institution and the Company has obtained a Certificate of Registration (CoR) from the Bank.
 - The Company is entitled to continue to hold such CoR in terms of its asset/income pattern as on 31st March 2013.
 - The Board of Directors of the Company has passed a resolution for non- acceptance of any public deposits.
 - The Company has not accepted any public deposits during the year ended on 31st March 2013.
 - The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, 14th May, 2013

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

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, 14th May, 2013

NAPEROL INVESTMENTS LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	₹ in Lakhs	₹ in Lakhs	2011-2012 ₹ in Lakhs
I. Revenue from Operations	10		64.71	65.18
II. Total Revenue			<u>64.71</u>	<u>65.18</u>
III. Expenses :				
Changes in Inventories			(0.33)	0.32
Other expenses:				
Auditors' Remuneration:				
Audit Fees		0.32		0.30
Other Matters		0.10		0.10
			<u>0.42</u>	<u>0.40</u>
Legal & Professional Charges.....			0.10	0.47
General Expenses			0.02	0.14
Total Expenses			<u>0.20</u>	<u>1.33</u>
IV. Profit before tax (II - III)			64.51	63.85
V. Tax expense:				
- Current tax			0.67	0.57
VI. Profit for the year (IV - V)			<u>63.84</u>	<u>63.28</u>
VII. Earnings per equity share - Basic and Diluted (₹)	13		250.34	248.16
(Face Value ₹ - 100)				

See Significant Accounting Policies and accompanying Notes to the Financial Statements

As per our Report of even date

For Nanubhai & Co.
Chartered Accountants

Abhay D. Desai
Partner

Mumbai, 14th May, 2013

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} Directors

Mumbai, 14th May, 2013



NAPEROL INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-2013 ₹ in Lakhs	2011-2012 ₹ in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	64.51	63.85
Operating Profit before Working Capital Changes	64.51	63.85
Adjustments for		
(Increase)/Decrease in Short term Loans & Advances	0.01	—
(Increase)/Decrease in Other current assets.....	2.30	(2.30)
(Increase)/Decrease in Investments	(83.33)	0.32
Increase/(Decrease) in Trade Payables.....	(0.07)	0.22
Cash generated from operations.....	(16.58)	62.09
Less: Taxes paid	(0.68)	(0.46)
Net Cash flow from Operating Activities (A)	(17.26)	61.63
B NET CASH FLOW FROM INVESTING ACTIVITIES: (B)	—	—
C NET CASH USED IN FINANCING ACTIVITIES:		
Dividend and Tax on Dividend paid.....	(44.46)	(29.74)
Net Cash used in Financing Activities (C)	(44.46)	(29.74)
Net Increase in Cash and Cash equivalents (A+B+C)	(61.72)	31.89
Cash and Cash Equivalents -Opening balance as at 01-04-2012 - As per Note No. 7.....	65.31	33.42
Cash and Cash Equivalents -Closing balance as at 31-03-2013 - As per Note No. 7	3.59	65.31

See Significant Accounting Policies and accompanying Notes to the Financial Statements

As per our report attached.

For Nanubhai & Co.
Chartered Accountants

Abhay D. Desai
Partner

Mumbai, 14th May, 2013

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} Directors

Mumbai, 14th May, 2013

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

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

1. Significant Accounting Policies :

(a) Basis of Accounting:

The financial statements are prepared under 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) Investments :

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

(d) Revenue Recognition :

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

(e) Taxes on Income :

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

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

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

(f) Current/Non-Current :

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

2. SHARE CAPITAL**AUTHORISED**

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
49,982 (Previous Year: 49,982) Equity Shares of ₹ 100/- each	49.98	49.98
18,11% Non-Cumulative Redeemable Preference shares of ₹ 100/- each	0.02	0.02
	<u>50.00</u>	<u>50.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
25,500 (Previous Year: 25,500) Equity shares of ₹ 100/- each	25.50	25.50
	<u>25.50</u>	<u>25.50</u>

The Company has only one class of equity shares having a par value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share.

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



NAPEROL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

	₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
3. RESERVES AND SURPLUS			
CAPITAL REDEMPTION RESERVE			
Balance as per last balance sheet	0.02		0.02
Add:- Transfer from Statement of Profit and Loss	—		—
		0.02	0.02
GENERAL RESERVE			
Balance as per last balance sheet	44.18		37.85
Add:- Transfer from Statement of Profit and Loss	6.39		6.33
		50.57	44.18
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934			
Balance as per last balance sheet	67.07		54.29
Add:- Transfer from Statement of Profit and Loss	12.78		12.78
		79.85	67.07
SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS			
Opening Balance	0.34		0.62
Add:- Profit for the year.....	63.84		63.28
Amount available for appropriation.....	64.18		63.90
Less:- Proposed Dividend.....	—		38.25
Less:- Tax on Dividend.....	—		6.21
Less:- Transfer to General Reserve.....	6.39		6.33
Less:- Transfer to Special Reserve Under Section 45 IC of the Reserve Bank of India Act, 1934.....	12.78		12.78
		45.01	0.34
		175.44	111.61
4. OTHER CURRENT LIABILITIES			
Other payables.....		0.42	0.49
		0.42	0.49
5. SHORT-TERM PROVISIONS			
Proposed Dividend:			
Proposed Dividend.....		—	38.25
Tax on Dividend.....		—	6.21
Provision for Income Tax (net of Advance Tax)		0.69	0.70
		0.69	45.15

NAPEROL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. NON CURRENT INVESTMENTS

Sr. No.	Name of the Company	Face Value (₹)	Opening Stock (1-4-2012)		Purchases/ Adjustments		Sales/Conversion		Closing Stock (31-3-2013)	
			Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs	Quantity Nos.	Value (₹) in Lakhs
Shares (Long-term Quoted): (Fully paid-up)										
1.	The Bombay Dyeing & Manufacturing Company Limited (See Note I)	10/2	81,240	24.60	—	—	—	—	406,200	24.60
2.	The Bombay Burmah Trading Corporation Limited (See Note I)	10/2	841,680	88.14	—	—	—	—	4,208,400	88.14
3.	Larsen and Toubro Limited	2	8	0.00	—	—	—	—	8	0.00
4.	Technojet Consultants Limited	10	3,000	—	—	0.31	—	—	3,000	0.31
5.	ABB Limited	2	60	0.00	—	—	—	—	60	0.00
6.	Tata Chemicals Limited	10	56	0.02	—	—	—	—	56	0.02
7.	Finolex Cables Limited	2	50	0.00	—	—	—	—	50	0.00
8.	ACC Limited	10	300	0.09	—	—	—	—	300	0.09
9.	Colgate Palmolive India Limited	1	66	0.00	—	—	—	—	66	0.00
10.	Jaykay Enterprises Ltd. (See Note II)	10/1	233	—	—	0.02	—	—	233	0.02
11.	J.K.Cement Limited	10	46	—	—	—	—	—	46	—
12.	ORG Infomatics Limited	10	7	0.00	—	—	—	—	7	0.00
13.	ICICI BANK LIMITED	10	933	0.51	—	—	—	—	933	0.51
14.	ALSTOM Project India Limited	10	12	—	—	—	—	—	12	—
15.	UltraTech Cement Limited	10	1	—	—	—	—	—	1	—
				113.37	—	0.33	—	—		113.70
Shares (Long-term Unquoted): (Fully paid-up)										
1.	B. R. T. Limited	100	1,000	1.37	—	—	—	—	1,000	1.37
				1.37	—	—	—	—		1.37
Units (Long-term Quoted): (Fully paid-up)										
1.	Birla Sunlife	10	—	—	318,478	60.00	—	—	318,478	60.00
2.	Kotak Mahindra	10	—	—	71,668	23.00	—	—	71,668	23.00
				—	—	83.00	—	—		83.00
Debentures (Unquoted): (Fully paid-up)										
1.	Zero% Unsecured Fully Convertible Debentures in Sunflower Investments and Textiles Private Limited	100	393	0.39	—	—	—	—	393	0.39
				0.39	—	—	—	—		0.39
GRAND TOTAL				115.13		83.33		—		198.46

Market Value of Quoted Shares	5,210.98
Previous Year	5,454.76

Notes -

- I) Face value of equity shares sub-divided from ₹ 10/- to ₹ 2/- per equity share during the year.
 II) Name of the company changed from J. K. Synthetics Ltd. And reduction in capital as per scheme. Face value reduced to ₹ 1/- per equity share.



NAPEROL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013 ₹ in Lakhs	As at 31.03.2012 ₹ in Lakhs
7. CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents		
Cash on hand.....	0.15	0.15
Balances With Scheduled Banks :		
– on Current Account	3.44	1.17
– on Deposit Account	—	64.00
	<u>3.59</u>	<u>65.31</u>
8. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Prepaid Expenses	—	0.01
	<u>—</u>	<u>0.01</u>
9. OTHER CURRENT ASSETS		
Interest Accrued but not due on Bank Deposits	—	2.30
	<u>—</u>	<u>2.30</u>
	<u>2012-2013</u>	<u>2011-2012</u>
10. REVENUE FROM OPERATIONS		
Dividends Income	61.11	62.01
Interest on Investments.....	3.60	3.17
	<u>64.71</u>	<u>65.18</u>
11. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 has not been furnished as the same is not applicable.		
12. Related Party Disclosures		
There being no transactions with Related Parties during the year, hence no disclosures, as required by AS-18, “Related Party Disclosures”.		
13. Earnings per share of face value of ₹ 100 each		
	<u>2012-2013</u>	<u>2011-2012</u>
Net profit for the year (₹ In Lakhs).....	63.84	63.28
Number of ordinary shares	25,500	25,500
Face Value of Equity Share (₹).....	100	100
Basic & Diluted Earnings per Share (₹).....	250.34	248.16
14. 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.		

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

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

Notes:

- i. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - ii. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - iii. All Accounting Standards 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.
- 16.** 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.
- 17.** Previous year's figures have been regrouped/reclassified, wherever necessary to conform to the current year's classification/disclosure/presentation.

Signatures to Notes 1 to 17

As per our Report of even date

For Nanubhai & Co.
*Chartered Accountants*Abhay D. Desai
Partner

Mumbai, 14th May, 2013

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} *Directors*

Mumbai, 14th May, 2013



TEN YEAR STANDALONE FINANCIAL STATISTICS

(₹ in Lacs)

As at/Year ended 31st March	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Assets Employed :										
Fixed Assets less Depreciation & CWIP	4518.17	4476.81	7147.52	9425.00	9206.44	8820.20	8416.42	10275.99	12069.83	11356.34
Investments	148.77	148.77	148.37	127.33	127.33	127.33	127.33	2177.42	2398.01	5860.87
Net Current Assets	453.18	925.13	1036.70	513.79	932.89	944.60	761.57	2544.18	2514.79	2452.29
Miscellaneous Expenditure	111.21	76.52	44.05	35.69	27.20	18.49	9.17	7.11	2.07	0.00
Financed by :										
Share Capital	229.83	229.83	229.88	574.70	574.70	574.70	574.70	574.70	574.70	574.70
Reserves & Surplus	2963.13	4207.10	4810.85	4410.52	4950.51	6342.72	7290.45	12301.29	14252.14	17230.44
Loan Funds	667.05	3.98	2269.69	3885.68	3453.49	1649.41	144.84	885.17	526.43	102.65
Deferred Tax Liability	1371.32	1186.32	1066.22	1230.91	1315.16	1343.79	1304.50	1238.50	1629.36	1761.70
Profits & Appropriations :										
Sales & other Income	5866.44	7626.31	7196.74	6431.83	11032.49	13602.64	12250.66	18487.70	15616.72	21731.46
Manufacturing Expenses	4141.67	5001.07	5205.03	5025.58	8237.21	9366.14	8886.62	8976.64	10685.44	14552.51
Interest	82.15	25.69	4.24	161.14	339.04	300.22	127.40	75.84	40.75	34.72
Depreciation	490.23	457.05	460.98	593.39	784.60	820.73	830.83	840.96	1002.19	1100.23
Profit Before Tax	1152.39	2142.50	1526.49	651.72	1671.64	3115.55	2405.81	8594.26	3888.34	6044.00
Taxation	410.00	715.00	530.00	217.87	593.76	1050.97	785.71	2801.99	1140.22	2063.34
Profit After Tax	742.39	1427.50	996.49	433.85	1077.88	2064.58	1620.10	5792.27	2748.12	3980.66
Dividend :										
– Amount	149.42	160.92	344.82	402.29	459.76	574.70	574.70	689.64	689.64	862.05
– Percentage	65%	70%	60%	70%	80%	100%	100%	120%	120%	150%
Earning Per Share (EPS) (₹)	3.23	6.21	17.35	7.55	18.76	35.92	28.19	100.79	47.82	69.26

Notes:

- Share Capital for 2006-07 onwards includes sub-division of Shares (10 shares for every 1 share held) and Issue of Bonus Shares (3 shares for every 2 shares held) in June 2006.
- Reserves & Surplus includes revaluation reserve.
- Sales and other Income include excise duty, sale of Assets etc.
- Dividend amount does not include Corporate Dividend Tax.
- Previous years' figures have been re-classified to conform with current year's presentation, wherever applicable.



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 59th ANNUAL GENERAL MEETING of National Peroxide Limited at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400 018, on Wednesday, 14th August, 2013 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. :
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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 Ninth Annual General Meeting of the Company to be held on Wednesday, 14th August, 2013 and at any adjournment thereof.

Signed this day of, 2013.



Signature across Revenue Stamp

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

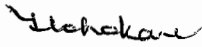



NOTE : This form of proxy duly completed, stamped and signed should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

National Peroxide Limited

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

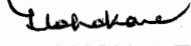

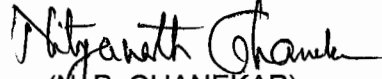
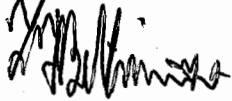
FORM A

Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchange

1.	Name of the Company	National Peroxide Limited
2.	Annual Financial Statements for the Year Ended	Standalone Financial Statements for the Year Ended 31 st March, 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by-	
	<ul style="list-style-type: none">• CEO/Managing Director	 (S. R. LOHOKARE)
	<ul style="list-style-type: none">• CFO/Company Secretary	 (H. B. CHINOY)
	<ul style="list-style-type: none">• Audit Committee Chairman	 (N. P. GHANEKAR)
	<ul style="list-style-type: none">• Auditor of the Company	In terms of our report attached on the Standalone Financial Statements of the Company. For S.B. BILLIMORIA & CO. Chartered Accountants (Registration No. 101496W)  Z. F. Billimoria Partner Membership No. 42791

FORM A

Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchange

1.	Name of the Company	National Peroxide Limited
2.	Annual Financial Statements for the Year Ended	Consolidated Financial Statements for the Year Ended 31 st March, 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by-	
	<ul style="list-style-type: none">• CEO/Managing Director	 (S. R. LOHOKARE)
	<ul style="list-style-type: none">• CFO/Company Secretary	 (H. B. CHINOY)
	<ul style="list-style-type: none">• Audit Committee Chairman	 (N. P. GHANEKAR)
	<ul style="list-style-type: none">• Auditor of the Company	In terms of our report attached on the Consolidated Financial Statements of the Company. For S.B. BILLIMORIA & CO. Chartered Accountants (Registration No. 101496W)  Z. F. Billimoria Partner Membership No. 42791