

National Peroxide Limited



ANNUAL REPORT
2008-2009

AWARDS RECEIVED DURING 2008-09

AWARD FOR EXCELLENCE IN CHEMICAL PLANT DESIGN AND ENGINEERING – 2007



Mr. P. V. Kuppuswamy, Chairman, with the Award conferred by ICC (Indian Chemical Council) on 26th September, 2008 in Mumbai flanked on his right by Mr. S. R. Lohokare, Managing Director, and on his left by Prof. J. B. Joshi, Director, MUICT (Mumbai University, Institute of Chemical Technology) along with other Company Executives.

NATIONAL SAFETY AWARD – 2006



Mr. S. R. Lohokare, Managing Director, receiving the Award from Mr. K. H. Muniappa, Minister of State for Shipping, Road Transport and Highways on 17th September, 2008 in New Delhi for outstanding performance in Industrial Safety as Joint Winner, during the performance year 2006.

More photos on inside back cover



(Registered — 16th March, 1954)

DIRECTORS (As on 11th May, 2009)

P. V. KUPPUSWAMY *Chairman*
 K. N. SUNTOOK
 NESS N. WADIA
 A. K. HIRJEE
 R. N. SETHNA
 R. BATRA
 S. R. LOHOKARE *Managing Director*

COMPANY SECRETARY

S. A. GAIKWAD

BANKERS

STATE BANK OF INDIA
 CANARA BANK
 STATE BANK OF INDORE

SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & Co.

AUDITORS

S. B. BILLIMORIA & Co.
Chartered Accountants

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

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

CONTENTS

Notice	2
Directors' Report	4
Management Discussion & Analysis Report	10
Corporate Governance Report	12
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24
Schedules to the Balance Sheet	25
Schedules to the Profit and Loss Account	29
Notes to the Accounts	30
Consolidated Auditors' Report	39
Consolidated Balance Sheet	40
Consolidated Profit and Loss Account	41
Consolidated Cash Flow Statement	42
Schedules to the Consolidated Balance Sheet	43
Schedules to the Consolidated Profit and Loss Account	46
Notes to the Consolidated Accounts	47
Naperol Investments Limited	54



National Peroxide Limited

NOTICE

NOTICE is hereby given that the Fifty-Fifth Annual General Meeting of the Members of NATIONAL PEROXIDE LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), (Behind Prince of Wales Museum), Mumbai 400 001, on Tuesday, 21st July, 2009 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, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. K. N. Suntook, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. A. K. Hirjee, who has not sought re-appointment, be not filled in at this meeting or at any adjournment thereof.”

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. 5 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 Tuesday, 7th July, 2009 to Tuesday, 21st July, 2009, both days inclusive.
- (d) The dividend, if any, that may be declared at the Meeting, shall be paid on or after 22nd July, 2009 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 6th July, 2009, in respect of the shares held in physical form. In respect of the shares held in electronic form, the dividend for the year ended 31st March, 2009 will be payable to the beneficial owners of the shares as at the closing hours of 6th July, 2009, 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) ECS mandate; or (iv) nomination to:
 - (i) their Depository Participants (DPs) in respect of shares held in demat form; and
 - (ii) the Company's Registrar & Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., in respect of shares held in physical form, at either of the following addresses:

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

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

The aforesaid information should reach Sharex Dynamic (India) Pvt. Ltd. on or before 6th July, 2009, except nomination which can be done at any time.

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

Unclaimed dividends for the years ended 31st March, 1995; 31st March, 1996; 31st March, 1997 and 31st March, 2001 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, 2002 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
2001-02	29.07.2002	28.07.2009
2002-03	23.07.2003	22.07.2010
2003-04	29.07.2004	28.07.2011
2004-05	28.07.2005	27.07.2012
2005-06	28.07.2006	27.07.2013
2006-07	27.07.2007	26.07.2014
2007-08	23.07.2008	22.07.2015

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

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

Mr. K. N. Suntook

Mr. K. N. Suntook, 74, is a B.A., LL.B. (Advocate), FCS. He was inducted on the Board in July 1984. He has 46 years experience, as a Senior Executive and ultimately Director in some Tata Group Companies, specializing in general management, finance, human resource development and planning.

Mr. Suntook also has vast experience in international business.

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

Other Directorships: Tata Investment Corp. Ltd.; Trent Ltd.; The Associated Building Co. Ltd. (Chairman); National Centre for the Performing Arts (Chairman).

Committee Memberships: Tata Investment Corp. Ltd. (Audit Committee-Chairman, Investment Committee, Remuneration Committee-Chairman, Asset/Liability Committee); Trent Ltd. (Audit Committee, Investment Committee).

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office :

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

Mumbai, 11th May, 2009

ANNEXURE TO THE NOTICE

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

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Item no. 5 of the accompanying Notice of the Annual General Meeting, dated 11th May, 2009:

Item No. 5

Mr. A. K. Hirjee retires by rotation at this Annual General Meeting of the Company. However, he has intimated to the Company that he does not seek re-appointment. The Company does not propose to fill up this vacancy at this meeting or any adjournment thereof, but may do so at a later date. Hence, as required by Section 256 of the Companies Act, 1956, a Resolution is proposed not to fill up the vacancy caused by the retirement of Mr. A. K. Hirjee at this meeting or any adjournment thereof.

None of the Directors, other than Mr. A. K. Hirjee, may be considered to be concerned or interested in the said Resolution.

The Directors commend the Resolution at Item 5 for approval by the Members.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

SATISH GAIKWAD
Company Secretary

Registered Office:

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

Mumbai, 11th May, 2009



National Peroxide Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting their Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2009 Rs. in lacs	<i>For the year ended 31st March, 2008 Rs. in lacs</i>
Gross Turnover (net of excise)	13,499.80	10,942.29
Profit before Interest & Depreciation	4,236.50	2,795.28
Less: Interest	300.22	339.04
Profit before Depreciation	3,936.28	2,456.24
Less: Depreciation	820.73	784.60
	<u>3,115.55</u>	<u>1,671.64</u>
Less: Provision For Tax:		
– Current Tax	1,036.00	500.00
– Deferred Tax	28.63	84.26
– Fringe Benefit Tax	7.00	9.50
Add: Excess Provision of Taxes of Prior Years	20.66	—
Profit after Tax	2,064.58	1,077.88
Balance brought forward from previous year	3,676.01	3,244.03
AMOUNT AVAILABLE FOR APPROPRIATIONS	<u>5,740.59</u>	<u>4,321.91</u>
Appropriations:		
Proposed Dividend	574.70	459.76
Corporate Dividend Tax	97.67	78.14
Transfer to General Reserve	207.00	108.00
Balance carried to Balance Sheet	4,861.22	3,676.01
	<u>5,740.59</u>	<u>4,321.91</u>

YEAR IN RETROSPECT

The gross sales and other income for the year under review were Rs. 13,603 lacs as against Rs. 11,032 lacs for the previous year registering an increase of 23%. The profit before tax of Rs. 3,115 lacs (after interest and depreciation charges of Rs. 1,121 lacs) and the profit after tax of Rs. 2,065 lacs for the year under review as against Rs. 1,672 lacs and Rs. 1,078 lacs respectively, for the previous year, improved by 86% and 92% respectively.

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of Rs.10/- per equity share of Rs.10/- each for the year ended 31st March, 2009 to be paid, if declared by the members at the Annual General Meeting to be held on 21st July, 2009.

3. OPERATIONS

During the year under review, the Company produced 55,168 MT of Hydrogen Peroxide which is 102% of the expanded installed capacity of 54,000 MTPA. The installation of a new UPS system, besides other initiatives, has improved the reliability of the Company's operations. Your Company's efforts will continue in this direction during the current year. The Company sold 54,344 MT of Hydrogen Peroxide which is the highest ever in the Company's history.

During the year 4.785 Million Cubic Meters of Hydrogen Gas was also sold. The consolidation of Hydrogen Gas sales by the Company during the year has also improved the Company's bottom-line.

Crude oil prices started increasing right from beginning of the financial year and reached a peak level of US \$ 147 per barrel in July 2008, after which prices fell and reached a low level of US \$ 36 per barrel in December 2008. Prices have now stabilized at

US \$ 50-55 per barrel level. As a result, the price of Naphtha fluctuated widely during the year resulting in a significant increase in the cost of inputs. Prices of Natural Gas also increased significantly upto September 2008. From October 2008 onwards, since the fall in prices of Naphtha was sharper than that of Natural Gas, making it more viable to use Naphtha, the Company switched over to use of Naphtha as a feedstock. Subsequently, with the fall in prices of Natural Gas, the Company switched back to Natural Gas in March 2009. This ability to operate the plant on either Naphtha or Natural Gas has been a significant contributor to the Company's bottom-line.

The Company along with other Indian producers of Hydrogen Peroxide, took steps for levy of anti-dumping duty on imports of Hydrogen Peroxide from European Union, China, Korea, Indonesia and Turkey. These efforts were successful and anti-dumping duty was levied on August 8, 2008, on imports from these countries. This would help in reducing low priced imports into the country and result in realistic price realization for the Company.

The prices of Hydrogen Peroxide continued to increase in line with the Naphtha prices, during the first half of the year. In the later half of the year, the lower demand resulted in intense domestic competition leading to prices below the landed cost of imports. However, higher average sales realization and contribution margin during the year also helped improve the bottom-line of the Company appreciably.

The economic scenario, both domestically and internationally, has undergone a sea change from August 2008 onwards, leading to worldwide recession. This has significantly impacted the customers from the paper and textile industries. Newsprint has been affected in particular; its demand having fallen by around 20%. As a result the plant had to be run at a reduced load during the second half of the year to control the inventory of finished goods. Besides, the slow cycle of collections has had its effect on the Company's working capital requirements.

The exchange rate of the Rupee vis-à-vis US \$ fluctuated widely during the year. This affected the Company's prices but did not influence its bottom-line, as the cost of inputs also changed in line with the exchange rate.

Due to the current weakness in demand the Company has kept its expansion plans on hold. However, it is taking steps to go ahead with low cost de-bottlenecking of its capacity.

4. AWARDS AND RECOGNITION

The Company received the following awards during the year 2008-2009 :

(a) *'National Safety Awards – 2006'*

Awarded by Government of India, Ministry of Labour and Employment, Directorate General Factory Advice Service & Labour Institutes, for outstanding performance in Industrial Safety as Joint Winner, during the performance year 2006 based on Lowest Average Frequency Rate.

(b) *'Excellence in Chemical Plant Design and Engineering – 2007'*

Conferred by ICC (Indian Chemical Council) and received jointly with MUICT (Mumbai University, Institute of Chemical Technology) towards the innovative work carried out by the Company over several years and in particular for the Design of Combined Oxidation cum Extraction Columns installed and commissioned during the plant expansion in 2006.

(c) *'National Energy Conservation Award – 2008'*

Certificate of Merit awarded by Government of India, Ministry of Power, in appreciation of efforts made by the Company in Energy Conservation in Chemical Sector for the year 2008.

Mr. S. R. Lohokare, Managing Director of the Company, also received an award from Indian Institute of Chemical Engineers for *'Excellence in Process or Product Development – 2008'*, which has been instituted by ICI.

These awards are in recognition of serious efforts made by the Company in various aspects of its business.

5. 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.

6. FIXED DEPOSITS

There are no outstanding or unclaimed deposits as on 31st March, 2009. Presently, the Company does not accept fresh deposits.

7. DIRECTORS

Mr. A. K. Hirjee, who has been associated with the Company since 2002, retires by rotation at the forthcoming Annual General Meeting. However, he has intimated to the Company that he does not seek re-appointment. The Directors place on record their appreciation of the valuable contribution made by Mr. Hirjee during his long association with the Company. The Directors are of the view that the vacancy on the Board of Directors of the Company, so created, be not filled at present.



National Peroxide Limited

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. K. N. Suntook retires by rotation and being eligible, offers himself for re-appointment.

8. 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, 2009 and of the profit of the Company for the year ended 31st March, 2009;
- (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.

9. CORPORATE GOVERNANCE

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

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

10. 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.

11. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

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

12. SUBSIDIARY COMPANY

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

13. CONSOLIDATED FINANCIAL STATEMENTS

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

14. PARTICULARS OF EMPLOYEES

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

15. AUDITORS

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

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Registered Office:

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

Mumbai, 11th May, 2009

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

(a) Measures Taken :

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

- Installed new 800KVA Super Eco Mode/Energy saving UPS system for H2 plant & other loads.
- Replaced 160 Watts MLL & 70 Watts Lamps with 23 Watts CFL Lamps for plant & street lighting.
- Replaced 2x40 Watts light fittings in substation & compressor house area with 23 Watts CFL Lamp.
- Installed 2 nos. 7 Watts LED type solar light fittings in place of 2 nos. 70 Watts SV lamp fittings.
- Replaced old PCC-1 & 1.25 MVA transformer in main substation with improved efficiency.

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

(b) Additional Investments & Improvements: Total expenditure of Rs.70.00 Lacs was incurred during the year on various energy conservation measures.

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

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

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

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

	2008-09	2007-08
1. Electricity		
a. Purchased:		
Units (KWH)	2,17,42,950	2,09,63,707
Total Amount (Rs. lacs)	932.68	883.91
Rate/Unit (Rs./KWH)	4.28	4.22
b. Own Generation:		
(i) Through diesel generator Units (KWH)	1,45,760	61,336
Units/litre of diesel oil (KWH)	2.89	3.07
Cost/Unit of diesel (Rs.)	12.72	11.55
(ii) Through steam turbine/generator	Not Applicable	
2. Coal	Not Applicable	
3. Furnace Oil		
Quantity (MT)	2,008.63	1,935.27
Total amount (Rs. lacs)	522.99	420.53
Average rate (Rs.)	26,037.14	21,729.70
4. Other/Internal Generation	Not Applicable	

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Electricity (KWH/MT)	383.19	398.99
2. Furnace Oil (KG/MT)	35.30	35.51



National Peroxide Limited

B. TECHNOLOGY ABSORPTION

FORM B

I. Research and Development

1. Specific Areas:

Our developmental efforts consisted of the following:

- (a) Use of Hydrogen Peroxide in manufacturing value added products viz. Naperol BD of various concentrations.
- (b) Process improvements in Hydrogen Peroxide and Sodium Perborate manufacturing.
- (c) Improvement of effluent treatment process.

2. Benefits Derived:

- (a) Improvement of chemistry of Working Solution.
- (b) Improvement in productivity of Working Solution.
- (c) Better marketing resulting in higher sales of Naperol BD.

3. Plan of Action:

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

- (a) Developing process design and carrying out engineering of Phase III expansion.
- (b) Process modifications to reduce the cost of manufacture and yield.
- (c) Recycling of effluent to conserve water.

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 Peroxide Plant.
- (b) Effluent treatment.
- (c) Operation of Super Eco Mode/Energy saving UPS system of 800 KVA capacity, which is the largest available in the market.

2. Benefits Derived:

- (a) Improved quality of Working Solution.
- (b) Better control of manufacture.
- (c) Reduction of effluent water and improvement in its quality.
- (d) Energy conservation.
- (e) In-house technical capability.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports:

During 2008-09, the Company exported 102 MT of Hydrogen Peroxide.

(b) Total Foreign Exchange used and earned:

Export Sales (FOB)	:	Rs. 30.71 lacs
Foreign exchange outgo (includes raw materials, spare parts, capital goods and other expenditure in foreign currency including dividends)	:	Rs. 628.01 lacs

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Mumbai, 11th May, 2009

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

Climate change poses financial, societal, regulatory and operational risks to business all over the world. Therefore, being a forward looking Company, National Peroxide Limited ('the Company') is working on realigning its business to meet this challenge.

As a first step in this regard it has undertaken the accounting of GHG emissions, also known as carbon foot printing i.e. assessment and inventorization of the GHG emissions. For this purpose the Company engaged the services of two well known consultancy agencies, namely Ernst & Young Pvt. Ltd. (E&Y) and Confederation of Indian Industry (CII) – Sohrabji Godrej Green Business Centre. Both these consultants have estimated the GHG emissions at the Company's plant at Kalyan and the results of their study show that the emission for the plant is approximately 53,000 tons of CO₂ equivalent. The project boundary was limited to the Company's plant. The results of both these consultants are given below:

CII (2008-09)			
Scope	Ton CO ₂ /year		
	H2 Plant	AO Plant	Total
1	26,588	6,489	33,077
2	1,403	15,991	17,394
3	371	2,368	2,739
Total	28,362	24,848	53,210

E&Y			
Scope	Ton CO ₂ /year		
	FY 06-07	FY 07-08	FY 08-09
1	20,109	32,956	32,985
2	12,004	17,190	17,394
3	1,612	2,559	2,708
Total	33,725	52,706	53,087

The base year for this purpose has been taken as FY. 2008-09. Although data for the previous two years have also been analyzed they are used as a reference only. The WBCSD (World Bank Council for Sustainable Development) 2004 guidelines have been used for inventorization. Even though the WBCSD guidelines do not mandate the reporting of Scope 3 emissions, they have also been reported.

The greenhouse gas intensity for Hydrogen Peroxide works out to 879 kg of CO₂/Ton of 50% Hydrogen Peroxide. Of this 49.10 % is contributed by the production of Hydrogen alone. This is presented for the purpose of benchmarking within the same type of industry.

However, benchmarking of the greenhouse gas intensity is currently not possible due to non-availability of data and source of Hydrogen e.g. – In caustic chlorine process Hydrogen is produced as a by-product.

The climate change policy of NPL is based on :

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

Emission Reductions Target and Abatement Measures

Naphtha was used for part of the year as feedstock during 2008-09. With improved availability of Natural Gas on a long term contract basis, the Hydrogen Plant is expected to operate on Natural Gas during 2009-10. This is expected to reduce the intensity of Greenhouse gas emissions by 73 kg/Ton of Hydrogen Peroxide (50%).

Additional Energy Conservation projects have been taken up after carrying out electrical audit of the factory in 2008-09. The greenhouse gas emission intensity as a result will reduce by 7 kg/Ton of Hydrogen Peroxide (50%). Steam audit will be taken up during FY. 2009-10.

Solar heating is used for hot water generation for the factory canteen. Two solar powered LED lamps are also being used for street lighting.

Ozone Depleting Substances (ODS) and SO_x, NO_x Emissions

The factory uses R-22 as a refrigerant for its air conditioners and refrigerant units which will be phased out by 2040 as per Montreal Protocol. R-134 an eco-friendly refrigerant is used for deep freezer in the canteen.

To reduce SO_x, NO_x emissions, the possibility of using Natural Gas in our boilers in place of fuel oil is being considered. This will also reduce CO₂ emissions. Use of Natural Gas in place of Naphtha in Hydrogen Plant has also marginally reduced SO₂ emissions.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

National Peroxide Limited is the largest producer of Hydrogen Peroxide in the country and commands a market share of 36%. In addition to being well known in the industry as a pioneer, its product commands a strong brand image. It has been in the forefront in the development of technology for manufacture of Hydrogen Peroxide, as well as, new applications development. Due to these efforts, the domestic market has significantly developed over the years.

During the year, the Company was able to operate at higher than the installed capacity of 54,000 MTPA. A competitor who had installed additional capacity in July 2007 was able to achieve the plant's rated capacity during the year. As a result the total production capacity in the country now stands at 1,55,400 MTPA. This has bridged the demand supply gap significantly.

OPPORTUNITIES AND THREATS

Natural Gas from KG basin became available on April 1, 2009. Its production will increase to reach its peak of 80 mmscmd within a year, which will double the country's gas production. Further Petronet LNG Limited's expanded capacity is already commissioned. Dabhol's Reliquified Natural Gas (RLNG) terminal is expected to be operational by August 2009. There is also a Natural Gas glut internationally, as the global capacity for Liquefied Natural Gas exports of 200 million MTPA will increase by 25% with the completion of six new plants in Qatar, Russia, Indonesia and Yemen, as also the upgrading of a seventh plant in Malaysia. More large gas plants are due on line in 2010 and 2011. As a result, Natural Gas is becoming a world commodity like oil.

With the large scale availability of Natural Gas, which is a vital input for the Hydrogen Peroxide industry, at an economical cost, on spot basis, as well as on long term contract basis, the cost of manufacture of Hydrogen Peroxide is expected to significantly come down as Natural Gas will substitute more expensive Naphtha. During 2008-09, the Company had to operate for part of the year on Naphtha due to higher cost of Natural Gas. The Company now expects to operate the plant fully on Natural Gas. This together with more than 100% capacity utilization would make the Company competitive vis-à-vis other domestic producers as well as imports.

The volatility of the exchange rate of Rupee vis-à-vis US \$ and recession in the developed world has significantly impacted the exports of textiles. The newsprint industry has also been impacted by the reduced demand as well as fall in prices. The reduction in domestic demand for Hydrogen Peroxide as a consequence as well as excess capacity in countries such as China, Korea, etc., is expected to put significant pressure on domestic prices in the next 1-2 years.

The growth during 2009-10, is estimated at 5%.

OUTLOOK

The outlook for the industry in the near term can only be viewed with cautious optimism due to reduction in demand as well as surplus capacity in China, Korea, etc. There is likely to be marginal gap between demand and supply due to attainment of rated capacity by one of the competitors and the Company. The lower cost of production, due to softening of the prices of crude oil and consequently Naphtha as well as improved availability of Natural Gas will be a positive factor to mitigate the impact of reduction in domestic prices.

RISKS AND CONCERNS

The continuing recession in the developed countries leading to significant reduction in demand for textiles and paper is a cause of concern. Imports of newsprint and Hydrogen Peroxide are expected at low prices. This will affect both demand for domestic product and prices.

The availability of credit in the country is another area of concern as this has resulted in longer payment cycles and increased working capital requirements. The consequential risk of bad debts in the short run is important and would call for strict monitoring of receivables.

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 the Bombay Stock Exchange Limited.

FINANCIAL PERFORMANCE

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

HUMAN RESOURCES

Peace and harmony between employer and employees prevailed during the year.

In order to optimize the contribution of the employees to the Company's business, several training and development

programmes for employees at all levels have been conducted. Occupational Health, Safety and Environment Management are given utmost importance. Emphasis was placed on in-house technical training of the employees to upgrade their operating skills. The employee strength on the permanent rolls of the Company was 124, as on 31st March, 2009.

RESOURCES AND LIQUIDITY

The Company finances its working capital requirements by sourcing Credit lines placed at its disposal by a consortium of banks led by State Bank of India. The Company avails of discounting of bills for exports. The Company’s net current assets as on 31st March, 2009 were Rs. 1,611.97 lacs.

The Company had borrowed Rs. 4,000 lacs for meeting the Capital expenditure of the expansion project. Of this, Rs. 3,625.50 lacs have been repaid, so far.

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, 11th May, 2009

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, 2009

Name	Designation/ Nature of Duties	Remuneration received (Rs.)	Qualifications	Experience (Years)	Date of commencement of Employment	Age (Years)	Last Employment held before joining the Company and the period
(A)	EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN Rs. 24,00,000/-.						
Lohokare S.R.	Managing Director	1,23,32,284	B.Tech. (Hons.) (Chemical Engg.) P.G.D.I.M., M.F.M. (Bombay University)	36	29.04.97	58	Vice-President (Nitrite & SDC), Deepak Nitrite Ltd. (4 Years)

(B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN Rs. 2,00,000/- PER MONTH.

— NIL —

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

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Mumbai, 11th May, 2009



REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 to the Listing Agreement, a report on Corporate Governance, for the year ended 31st March, 2009, 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, employees, the government and the lenders.

2. Board of Directors

(a) Composition of the Board

The Board of Directors is headed by a Non-Executive Chairman, Mr. P. V. Kuppuswamy who is not a promoter of the Company and is also not related to any promoter or person occupying management positions at the Board level or at one level below the Board. The Board is composed of committed and eminent persons with considerable professional experience in varied fields and comprises a majority of Non-Executive Directors. The composition of the Board of Directors meets the requirement of Clause 49-I(A) of the Listing Agreement, as detailed in the table at item 2(c) below.

(b) Board Meetings and AGM

Four Board Meetings were held during the year under review. The dates on which the meetings were held are : 7th May, 2008; 23rd July, 2008; 20th October, 2008 and 23rd January, 2009. The AGM was held on 23rd July, 2008.

(c) Directors' Attendance Record and Directorships held

Director	Whether Promoter, Executive, Non-Executive, Independent Non-Executive, Nominee	Number of Board Meetings attended	Whether attended last AGM	No. of other Directorships held #	No. of Board Committees of other Companies in which a Member or a Chairman @
Mr. P. V. Kuppuswamy	Chairman - Non-Executive	4	Yes	2	Nil
Mr. K. N. Suntook	Independent Non-Executive	4	Yes	4	2 (Chairman of 1)
Mr. Ness N. Wadia	Non-Executive	3	No	7	Nil
Mr. A. K. Hirjee	Non-Executive	2	No	5	8 (Chairman of 3)
Mr. R. N. Sethna	Independent Non-Executive	3	No	4	3
Mr. Rajesh Batra	Independent Non-Executive	2	Yes	4	Nil
Mr. S. R. Lohokare	Executive (Managing Director)	4	Yes	1	Nil

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

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

3. Board Committees:

(a) Audit Committee:

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

Mr. R. N. Sethna - Chairman

Mr. P. V. Kuppuswamy

Mr. K. N. Suntook

Mr. Rajesh Batra

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.

During the year under review, the Committee met four times, i.e. on 7th May, 2008; 23rd July, 2008; 20th October, 2008 and 23rd January, 2009. Details of attendance of each member are as follows:

Name	Number of Audit Committee Meetings attended
Mr. R. N. Sethna	3
Mr. P. V. Kuppuswamy	4
Mr. K. N. Suntook	4
Mr. Rajesh Batra	2

(b) Remuneration Committee:

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

Mr. R. N. Sethna - Chairman
 Mr. P. V. Kuppuswamy
 Mr. K. N. Suntook
 Mr. Rajesh Batra

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

During the year under review, the Committee met once on 23rd July, 2008. Details of attendance of each member are as follows:

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

Remuneration Policy:

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

A. Details of remuneration paid to the Managing Director during the year 2008-09 are given below:

(Amount in Rupees)

Name	Salary	Benefits *	Commission / Incentive #	Total
S. R. Lohokare	27,60,000	41,38,284	54,34,000	1,23,32,284

* Also includes Company's contribution to Provident and Superannuation Funds, amounting to Rs. 22,12,380/-.

Shown on the basis of year of payment and includes Commission of Rs. 23,04,000/- paid for 2007-08 and Rs. 17,50,000/- for 2006-07.

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

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

B. Details of payment made to Non-Executive Directors during the year 2008-09 and their shareholding in the Company, as on 31st March, 2009, are given below:

(Amount in Rupees)

Directors	Sitting Fees		Commission #	Total	Total no. of shares held
	Board Meetings	Committee Meetings			
Mr. P. V. Kuppuswamy	40,000	52,000	5,00,000	5,92,000	750
Mr. K. N. Suntook	40,000	50,000	2,80,000	3,70,000	0
Mr. Ness N. Wadia	30,000	0	70,000	1,00,000	0
Mr. A. K. Hirjee	20,000	0	1,40,000	1,60,000	0
Mr. R. N. Sethna	30,000	30,000	2,10,000	2,70,000	0
Mr. Rajesh Batra	20,000	31,000	70,000	1,21,000	0
Total :	1,80,000	1,63,000	12,70,000	16,13,000	750

Shown on the basis of year of payment



National Peroxide Limited

During 2008-09, a provision of Rs. 32.61 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 2008-09.

(c) Shareholders'/Investors' Grievance Committee:

This Committee comprises of the following Directors:

Mr. P. V. Kuppuswamy - Chairman

Mr. S. R. Lohokare

Mr. Rajesh Batra

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

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

During the year, the Committee met 4 times.

Name and designation of Compliance Officer:

Mr. Satish Gaikwad, Company Secretary

No. of shareholders' complaints received during the year : 3

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

No. of pending complaints : NIL

4. General Body Meetings:

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

Date & Time	Location	Special Resolution Passed
23rd July, 2008 12.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai-400 001.	Nil
27th July, 2007 12.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai-400 001.	Payment of Minimum Remuneration to Mr. S. R. Lohokare, Managing Director, in case of no profits or inadequacy of profits.
28th July, 2006 3.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai-400 001.	Nil

(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 (2009-10):

During the current year, if Special Resolutions are proposed to be passed through postal ballot, those will be taken up at the appropriate time.

(e) Procedure for Postal Ballot:

The procedure for conducting the postal ballot exercise would be as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 read with Section 192A of the Companies Act, 1956.

5. Other Disclosures:

(a) Related Party Transactions

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

None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

(b) Disclosure of Accounting Treatment

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

(c) Disclosures on Risk Management

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

(d) Code of Conduct

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

(e) Whistle Blower Policy

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

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

6. CEO/CFO Certification

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

7. Means of Communication

(a) Quarterly Results:

The unaudited quarterly results are announced within one month from the end of the quarter and the audited annual results within three months from the end of the last quarter, as stipulated under the Listing Agreement with the Bombay Stock Exchange Limited.

(b) Newspapers wherein results normally published: Business Standard (English) and Lokmat (Marathi, the regional language).

(c) Any Website, where displayed: www.naperol.com and www.sebiedifar.com

(d) Whether Website also displays official news releases : No

(e) Whether presentations made to institutional investors or to the analysts : No

(f) Management Discussion & Analysis Report : The Management Discussion & Analysis Report forms part of the Annual Report.

8. General Shareholder Information

(a) AGM:

Date and Time : 21st July, 2009 at 4.00 p.m.
Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor,
18/20, Kaikhushru Dubash Marg (Rampart Row),
(Behind Prince of Wales Museum), Mumbai-400 001

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

Tentative Schedule

Results for quarter ending June 30, 2009 : End July, 2009
Results for quarter ending September 30, 2009 : End October, 2009
Results for quarter ending December 31, 2009 : End January, 2010
Results for year ending March 31, 2010 : End May, 2010
AGM for year ending March 31, 2010 : End July, 2010

(c) Date of Book Closure : 7th July, 2009 to 21st July, 2009 (both days inclusive)



National Peroxide Limited

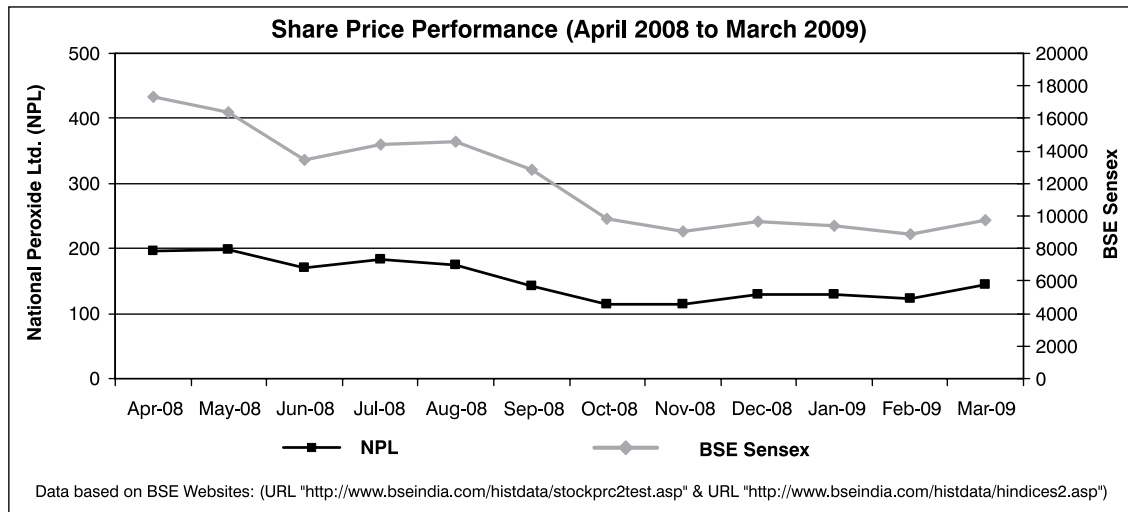
- (d) **Dividend Payment Date** : On or after 22nd July, 2009
- (e) **Listing on Stock Exchange** : The Company's shares are listed on the Bombay Stock Exchange Limited (BSE). The Company has paid the applicable listing fees to BSE, up to date.
- (f) **Stock Code:**
- Demat form : 500298
- Demat ISIN Number for NSDL & CDSL : INE585A01020
- Scrip ID* : NATPEROX
- *(on the BSE website – www.bseindia.com)

(g) **Stock Market Data (for face value of Rs. 10/- per share):**

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)
April 2008	229.70	161.05	97171	2098	19,425,591
May 2008	228.00	192.10	197252	3545	41,438,296
June 2008	224.00	166.00	37544	919	6,899,535
July 2008	193.00	152.00	57060	1304	9,906,071
August 2008	202.00	170.00	40771	905	7,506,099
September 2008	179.80	133.00	41620	810	6,670,868
October 2008	145.10	101.10	40414	1060	4,900,558
November 2008	144.00	111.35	26279	842	3,329,004
December 2008	140.00	106.00	32189	732	4,001,877
January 2009	143.00	111.00	32038	694	4,233,496
February 2009	134.90	113.05	32655	435	4,146,877
March 2009	148.00	110.50	27963	508	3,609,219

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

(h) **Stock Performance:**



(i) **Registrar and Transfer Agents:**

Sharex Dynamic (India) Pvt. Ltd.

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

Share transfers in physical form are processed within a period of 15-20 days from the date of receipt, in case documents are complete in all respects. 2,800 shares were transferred during the financial year under review through 20 transfers. The Company has authorized certain executives to approve share transfers.

(k) (i) Distribution of Shareholding as on 31st March, 2009:

Group of shares			No. of shareholders	No. of shares held	%age to total shares
1	to	50	3,139	1,03,066	1.79
51	to	100	1,185	1,06,094	1.85
101	to	250	3,681	5,47,552	9.53
251	to	500	488	1,95,506	3.40
501	to	1000	234	1,75,918	3.06
1001	to	5000	172	3,59,734	6.26
5001	to	10000	20	1,38,105	2.40
10001	and	above	19	41,21,025	71.71
Total:			8,938	57,47,000	100.00

(ii) Categories of Shareholders as on 31st March, 2009:

Category	No. of shares held	%age to total shares
Indian Promoters	22,61,550	39.35
Foreign Promoters	14,99,250	26.09
Banks	825	0.01
Mutual Funds	NIL	NIL
Private Corporate Bodies	2,65,470	4.62
Indian Public	15,80,056	27.49
NRI/OCB	1,38,709	2.42
Clearing Members	1,140	0.02
Total:	57,47,000	100.00

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

(l) Dematerialisation of Shares and Liquidity :

65.89% of the outstanding Equity Shares have been dematerialised upto 31st March, 2009. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th May, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI). The trading / liquidity details are given at item 8(g) above.

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

None

(n) In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the year ended 31st March, 2009, a sum of Rs. 65,430/- to the Investor Education and Protection Fund (IEPF).

(o) Plant Location

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

(p) Address for Correspondence

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



National Peroxide Limited

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

9. Non-Mandatory Requirements:

(a) Office of the Chairman of the Board:

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

(b) Remuneration Committee:

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

(c) Shareholder Rights:

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

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

Mumbai, 11th May, 2009

DECLARATION

As provided under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

For NATIONAL PEROXIDE LIMITED

S. R. LOHOKARE
Managing Director

Mumbai, 11th May, 2009

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 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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, 11th May, 2009

AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

1. We have audited the attached Balance Sheet of NATIONAL PEROXIDE LIMITED, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations from the Directors as on 31st March, 2009 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 11th May, 2009



ANNEXURE TO THE AUDITORS' REPORT

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

- (i) The nature of the Company's business/activities during the year is such that, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situations in most cases of such assets.
 - (b) As explained to us, most of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which provides for physical verification of all the fixed assets at intervals which, in our opinion, are reasonable. According to the information and explanation given to us, the Company is in the process of relating the fixed assets physically verified with the fixed assets register and discrepancies, if any, would be adjusted upon conclusion of this exercise.
 - (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, inventories were physically verified during the year by the Management at intervals which, in our opinion, were reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies between the physical stocks and book records were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, during the year, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In respect of unsecured loan taken by the Company from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) Loans aggregating Rs. 4,000,000 were taken from one party. At the year-end, the outstanding balance of loan aggregated Rs. 13,000,000 and the maximum amount outstanding during the year amounted to Rs. 13,000,000.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - (c) The repayment of principal amount and interest has during the year been as per stipulations.
 - (d) There are no overdue amounts outstanding at the year-end.
- (vi) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control systems.
- (vii) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (viii) The Company has not accepted deposits from the public which are covered by the provisions of Sections 58A and 58AA and the Companies' (Acceptance of Deposit) Rules, 1975.
- (ix) In our opinion, the internal audit functions carried out during the year by a professional firm appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (x) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of industrial gases, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

Annual Report 2008-2009

- (xi) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, State Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year. There are no undisputed amounts outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (b) There are no dues of Sales Tax, State Value Added Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and cess which have not been deposited as at 31st March, 2009 on account of any dispute, except as stated below:

Sr. No.	Nature of the dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
1	The Income Tax Act, 1961			
	Interest on Tax	360,945	A.Y. 2002-03	Income Tax Commissioner (Appeals), Mumbai
2	The Central Excise Act, 1944			
	Excise Duty	995,466	2006	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
	Excise Duty	155,006	2000-01	Commissioner (Appeals), Mumbai

- (xii) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xiv) In our opinion and according to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xv) According to the information and explanations given to us, there have been no guarantees given by the Company for loans taken by others from banks and financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us and the records examined by us, the Company has not raised monies by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Membership No. 39826

Mumbai, 11th May, 2009



National Peroxide Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Rupees in '000	Rupees in '000	As at 31st March, 2008 Rupees in '000
(A) SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS				
(a) Share Capital	1	57,470		57,470
(b) Reserves and Surplus	2	634,272		495,051
			691,742	552,521
LOAN FUNDS				
(a) Secured Loans	3	151,941		336,349
(b) Unsecured Loans	4	13,000		9,000
			164,941	345,349
DEFERRED TAX LIABILITY (NET)				
(Refer Note 4, Schedule 15)			134,379	131,516
TOTAL			<u>991,062</u>	<u>1,029,386</u>
(B) APPLICATION OF FUNDS:				
FIXED ASSETS				
(a) Gross Block	5	1,765,312		1,764,922
(b) Less: Depreciation		894,722		863,042
(c) Net Block			870,590	901,880
(d) Capital Work-in-Progress [Including advances of Rs. 205 thousand (Previous Year Rs. 3,508 thousand)]			11,430	18,764
INVESTMENTS	6		12,733	12,733
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	90,727		77,900
(b) Sundry Debtors	8	149,420		148,415
(c) Cash and Bank Balances	9	1,615		3,261
(d) Loans and Advances	10	50,452		45,666
		292,214		275,242
LESS: CURRENT LIABILITIES AND PROVISIONS				
(a) Liabilities	11	115,067		116,809
(b) Provisions	12	82,687		65,144
		197,754		181,953
NET CURRENT ASSETS			94,460	93,289
MISCELLANEOUS EXPENDITURE:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure				
(Refer Note 5, Schedule 15)			1,849	2,720
TOTAL			<u>991,062</u>	<u>1,029,386</u>
Notes to Accounts and Significant Accounting Policies	15			

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

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

P. V. KUPPUSWAMY

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA

Chairman

Directors

Mumbai, 11th May, 2009

Mumbai, 11th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rupees in '000	Rupees in '000	2007-2008 Rupees in '000
INCOME:				
Gross Sale of Products		1,516,794		1,261,303
Less: Excise Duty		166,814		167,074
Net Sales			1,349,980	1,094,229
Other Income	13		10,284	9,020
Total Income			1,360,264	1,103,249
EXPENDITURE:				
Manufacturing and Other Expenses.....	14		936,614	823,721
Interest:				
on loans for fixed period		18,827		24,670
on others.....		11,195		9,234
			30,022	33,904
Depreciation.....			82,073	78,460
Total Expenditure			1,048,709	936,085
PROFIT BEFORE TAX			311,555	167,164
Less: Provision for Tax:				
- Current tax.....			103,600	50,000
- Deferred tax.....			2,863	8,426
- Fringe Benefit tax.....			700	950
Add: Excess Provision for Taxes of Prior Years			2,066	—
PROFIT AFTER TAX.....			206,458	107,788
Add: Balance brought forward from Previous Year			367,601	324,403
AMOUNT AVAILABLE FOR APPROPRIATIONS.....			574,059	432,191
Appropriations:				
Proposed Dividend			57,470	45,976
Tax on Dividend.....			9,767	7,814
Transfer to General Reserve			20,700	10,800
Balance Carried to Balance Sheet			486,122	367,601
			574,059	432,191
Basic and Diluted Earnings Per Share (Rs.)				
(Refer Note 10, Schedule 15)			35.92	18.76
Notes to Accounts and Significant Accounting Policies.....	15			

The schedules referred above form an integral part of the profit and loss account

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, 11th May, 2009

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

P. V. KUPPUSWAMY

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA

Chairman

Directors

Mumbai, 11th May, 2009



National Peroxide Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs. in '000	2007-2008 Rs. in '000
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax.....	311,555	167,164
Adjustments for:		
Depreciation.....	82,073	78,460
Interest expense.....	30,022	33,904
Interest income.....	(415)	(311)
Dividend income.....	(1,801)	(2,247)
Provision for Gratuity.....	2,064	1,236
Provision for Leave Encashment.....	2,183	(700)
(Profit) / Loss on sale of Fixed Assets.....	(4,200)	503
Deferred Revenue Expenditure amortised.....	871	849
Operating Profit before Working Capital Changes.....	422,352	278,858
Adjustments for:		
(Increase) / Decrease in Debtors.....	(1,005)	(25,772)
(Increase) / Decrease in Loans and Advances.....	(1,030)	5,838
(Increase) / Decrease in term deposits pledged with banks.....	1,754	(1,737)
(Increase) / Decrease in Inventories.....	(12,827)	(41,089)
Increase / (Decrease) in Current Liabilities.....	(1,911)	14,448
Cash generated from operations.....	407,333	230,546
Less: Taxes paid.....	(106,141)	(48,744)
Net Cash from Operating Activities (A).....	301,192	181,802
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital work in progress).....	(43,533)	(60,086)
Sale of Fixed Assets.....	4,200	268
Interest received.....	415	581
Dividend received.....	1,801	2,247
Net Cash Used in Investing Activities (B).....	(37,117)	(56,990)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings through Term Loans.....		243,827
Repayment of Term Loans.....	(146,277)	(301,249)
Unsecured Loan from Subsidiary.....	4,000	2,700
Cash Credit.....	(38,131)	11,573
Interest paid.....	(30,022)	(34,443)
Dividend and Tax on Dividend paid.....	(53,537)	(46,722)
Net Cash from Financing Activities (C).....	(263,967)	(124,314)
Net Increase in Cash and Cash equivalents (A+B+C).....	108	499
Cash and Cash Equivalents – Opening balance.....	1,507	1,008
Cash and Cash Equivalents – Closing balance.....	1,615	1,507
Cash and Bank Balances – Closing balance (As per Schedule 9).....	1,615	3,261
Less: Deposits with Banks (Pledged as Margin Money).....	—	(1,754)
Cash and Cash Equivalents – Closing balance.....	1,615	1,507

Notes to Accounts and Significant Accounting Policies – Schedule 15

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

P. V. KUPPUSWAMY

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA

Chairman

Directors

Mumbai, 11th May, 2009

Mumbai, 11th May, 2009

SCHEDULES TO THE BALANCE SHEET

	Rupees in '000	Rupees in '000	As at 31.03.2008 Rupees in '000
SCHEDULE 1 – SHARE CAPITAL			
AUTHORISED			
25,000,000 Shares of Rs. 10 each		250,000	250,000
		<u>250,000</u>	<u>250,000</u>
ISSUED, SUBSCRIBED AND PAID-UP			
5,747,000 Equity Shares of Rs.10 each		57,470	57,470
		<u>57,470</u>	<u>57,470</u>
Of the above:			
50,000 Shares allotted as fully paid-up pursuant to a contract without payment being received in cash.			
4,390,600 Shares allotted as fully paid bonus shares by capitalisation of General Reserve and Securities Premium account.			
 SCHEDULE 2 – RESERVES AND SURPLUS			
GENERAL RESERVE			
Balance as per last balance sheet.....	127,450		116,650
Add: Transfer from Profit and Loss Account.....	20,700		10,800
		<u>148,150</u>	<u>127,450</u>
PROFIT AND LOSS ACCOUNT BALANCE		486,122	367,601
		<u>634,272</u>	<u>495,051</u>



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees in '000	Rupees in '000	As at 31.03.2008 Rupees in '000
SCHEDULE 3 – SECURED LOANS			
LOANS AND ADVANCES FROM BANKS			
Term Loans	97,550		243,827
Cash Credits	54,391		66,383
Other Temporary Loans (buyers' credit facilities)	—		26,139
		151,941	336,349
		151,941	336,349

FOOTNOTES:

- (1) Term loans from banks are secured by a first and equitable charge on certain fixed assets of the Company at Kalyan, Maharashtra and include amounts repayable within a year aggregating Rs.68,620 thousand (Previous Year Rs. 146,278 thousand).
- (2) Cash credits and other demand loans from banks are secured by a second mortgage of all the Company's immovable properties and first charge by way of hypothecation of stocks and book debts.

SCHEDULE 4 – UNSECURED LOANS

Other than Short Term:

Inter-corporate Deposits from a Subsidiary	13,000	9,000
	13,000	9,000

SCHEDULE 5 – FIXED ASSETS

(Rupees in '000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2008	Additions	Deductions	Closing As at 31.03.2009	Upto 31.03.2008	For the year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.3.2008
Land: Freehold	589	—	—	589	—	—	—	—	589	589
Buildings	43,161	15,845	—	59,006	21,013	1,718	—	22,731	36,275	22,148
Plant and Machinery	1,709,549	34,369	50,393	1,693,525	833,218	79,962	50,393	862,787	830,738	876,331
Furniture and Fixture and Office Equipments	11,623	569	—	12,192	8,811	393	—	9,204	2,988	2,812
Total	1,764,922	50,783	50,393	1,765,312	863,042	82,073	50,393	894,722	870,590	901,880
Previous Year	1,693,360	73,071	1,509	1,764,922	785,320	78,460	738	863,042	901,880	

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees in '000	Rupees in '000	As at 31.03.2008 Rupees in '000
SCHEDULE 6 – INVESTMENTS			
Long Term:			
Trade Investments (Quoted) at Cost:			
2,97,940 Equity Shares of Rs. 10 each fully paid up in The Bombay Dyeing & Manufacturing Co. Ltd.....	7,802		7,802
2,50,440 Equity Shares of Rs 10 each fully paid up in The Bombay Burmah Trading Corporation Ltd.....	2,374		2,374
		10,176	10,176
Non-Trade Investments (Quoted) at Cost:			
120 Equity Shares of Rs.10 each fully paid up in Housing Development Finance Corporation Limited	2		2
500 Shares of Rs 10 each fully paid up in HDFC Bank Limited.....	5		5
		7	7
Investments in the Subsidiary Company (Unquoted) at Cost:			
Naperol Investments Limited 25,500 Equity Shares of Rs. 100 each fully paid up		2,550	2,550
		12,733	12,733
Quoted:			
Cost		10,183	10,183
Market Value		84,667	276,683
Unquoted:			
Cost		2,550	2,550
SCHEDULE 7 – INVENTORIES			
(at lower of Cost and Net Realisable Value)			
Stores, Spare Parts, and Packing Materials		47,353	32,853
Raw Materials.....		15,377	31,923
Finished Products.....		27,997	13,124
		90,727	77,900
SCHEDULE 8 – SUNDRY DEBTORS			
(Unsecured, considered good)			
Over six months old		1,775	—
Others		147,645	148,415
		149,420	148,415



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

As at
31.03.2008
Rupees
in '000

SCHEDULE 9 – CASH AND BANK BALANCES

	Rupees in '000	Rupees in '000
Cash on hand.....	123	236
With Scheduled Banks:		
– on Current Account.....	1,492	1,271
– on Deposit Account (Pledged as Margin Money)	—	1,754
	<u>1,615</u>	<u>3,261</u>

SCHEDULE 10 – LOANS AND ADVANCES

(Unsecured, considered good)

Advances Recoverable in Cash or in Kind or for value to be received (including amount due from a subsidiary Company Rs. 189 thousand, Previous year Nil)	13,399	11,955
Matured Investments	—	10
Loans to Employees	176	260
Advance Payment of Taxes including Fringe Benefit Tax (net of provision for taxes)	12,378	8,622
Sundry Deposits	17,801	14,598
Balances with Excise, Customs, etc.....	6,698	10,221
	<u>50,452</u>	<u>45,666</u>

SCHEDULE 11 – LIABILITIES

Sundry Creditors (Refer Note 9, Schedule 15).....	99,340	99,788
Deposits received from Customers.....	7,546	9,270
Other Liabilities	6,787	6,610
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends*.....	1,394	1,141
	<u>115,067</u>	<u>116,809</u>

(*) The figures reflect the position of unclaimed dividends as at 31st March, 2009. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

SCHEDULE 12 – PROVISIONS

Provision for Gratuity	5,302	3,238
Provision for Compensated Absences.....	10,148	7,965
Provision for Fringe Benefit Tax.....	—	151
Proposed Dividend.....	57,470	45,976
Tax on Dividend	9,767	7,814
	<u>82,687</u>	<u>65,144</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	Rupees in '000	Rupees in '000	2007-08 Rupees in '000
SCHEDULE 13 – OTHER INCOME			
Interest on Deposits and Loans – (Gross, inclusive of Tax Deducted at Source Rs. 79 thousand; Previous Year Rs. 66 thousand)		415	311
Dividends (Long Term)			
On Trade Investments	1,794		2,241
On Other Investments	7		6
	<hr/>		<hr/>
Profit on Sale of Assets		1,801	2,247
Insurance Claims		4,200	—
Sale of Scrap		90	2,350
Sundry Receipts		739	2,691
		3,039	1,421
		<hr/>	<hr/>
		10,284	9,020
		<hr/>	<hr/>
SCHEDULE 14 – MANUFACTURING AND OTHER EXPENSES			
CONSUMPTION OF RAW MATERIALS		413,974	364,214
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries, Wages and Other Benefits	62,348		54,245
Contributions to Provident and Other Funds	12,783		9,555
Workmen and Staff Welfare Expenses	11,390		10,593
	<hr/>		<hr/>
		86,521	74,393
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES:			
Excise Duty (Change in Closing Stock)	506		2,089
Insurance.....	2,860		4,071
Rent	1,674		2,226
Rates and Taxes.....	1,975		1,918
Commission and Discount.....	3,354		3,710
Packing and Containers.....	112,451		104,289
Power, Fuel and Water.....	149,402		134,515
Stores and Spare Parts Consumed.....	44,585		23,636
Repairs and Maintenance - Buildings.....	4,119		3,729
Repairs and Maintenance - Machinery.....	15,896		15,825
Freight Outward	76,758		66,828
Sundry Expenses.....	29,490		27,060
	<hr/>		<hr/>
		443,070	389,896
AUDITORS' REMUNERATION			
(i) Audit Fees.....	500		500
(ii) Other Matters.....	150		225
(iii) Service Tax (Excluding Rs. 70 thousand (Previous Year Rs. 80 thousand) which is claimed as input credit)	—		—
(iv) Out of pocket expenses	—		10
	<hr/>		<hr/>
		650	735
Foreign Exchange Fluctuation (Net).....		1,810	10
Bad Debts		981	—
Loss on Sale of Assets (Net).....		—	503
DEFERRED REVENUE EXPENDITURE – (Written-off) (Refer Note 5, Schedule 15)		871	849
COMMISSION TO NON EXECUTIVE DIRECTORS		3,261	1,803
DIRECTORS' SITTING FEES.....		349	409
(INCREASE) / DECREASE IN FINISHED PRODUCTS:			
Opening Stocks	13,124		4,033
Closing Stocks	27,997		13,124
	<hr/>		<hr/>
		(14,873)	(9,091)
		<hr/>	<hr/>
		936,614	823,721
		<hr/>	<hr/>



SCHEDULE 15 – NOTES TO THE ACCOUNTS

1. Significant Accounting Policies:

(a) Basis of Accounting:

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

(b) Use of Estimates:

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

(c) Fixed Assets and Depreciation/Amortisation:

• Tangible fixed assets and depreciation

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

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

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

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

(d) Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an assets's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

(e) Deferred Revenue Expenditure:

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

(f) Taxes on Income:

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

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

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.

(g) Investments:

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

(h) Inventory:

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

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

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

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

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

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

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

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

(j) Financial Income and Borrowing Cost:

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

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

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

(k) Foreign Currency Transactions:

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

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

(l) Employee Benefits:**i) Short-term Employee Benefits**

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

ii) Long-term Employee Benefits

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

iii) Defined-contribution plans

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

iv) Defined-benefit plans

Expenses for defined-benefit gratuity are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

v) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(m) Provisions and Contingencies:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.



SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

(n) Cash Flow Statements:

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

(o) Cash and Cash Equivalents:

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company’s cash and cash equivalents in the Cash Flow Statement.

(p) Earnings per Share:

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

2. Employee Benefits Obligations:

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

	2008-09 Rs. in '000	2007-08 Rs. in '000
i) Provident Fund	4,073	3,890
ii) Superannuation Fund	3,108	2,136
iii) ESIC	26	10

(b) Details of gratuity plan are as follows:

The amounts recognised in the balance sheet are as follows:

i) Present value of funded obligations.....	33,774	27,833
ii) Fair value of plan assets	(28,472)	(24,595)

Amounts in the Balance Sheet

Liabilities	5,302	3,238
Assets.....	—	—

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

i) Current service cost	1,329	1,210
ii) Interest on obligation	2,083	1,746
iii) Expected return on plan assets.....	(1,947)	(1,655)
iv) Net actuarial losses recognised in year	3,837	2,244
v) Expenses recognized in the statement of profit and loss	5,302	3,545

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	27,833	23,445
ii) Service cost.....	1,329	1,210
iii) Interest cost.....	2,083	1,746
iv) Actuarial losses/(gains)	4,077	* 2,123
v) Benefits paid.....	(1,548)	(691)
vi) Closing defined benefit obligation	33,774	27,833

* Includes adjustment (loss) of Rs. 307 thousand relating to the previous year.

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2008-09 Rs. in '000	2007-08 Rs. in '000
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
i) Opening fair value of plan assets.....	24,595	21,443
ii) Expected return	1,947	1,655
iii) Actuarial losses/(gains)	240	#(121)
iv) Contribution by employer	3,238	2,309
v) Benefits paid.....	(1,548)	(691)
vi) Closing fair value of plan assets	28,472	24,595

Includes adjustment (loss) of Rs. 307 thousand relating to the previous year.

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

i) Government of India Securities	1%	1%
ii) Corporate Bonds.....	49%	41%
iii) Special Deposit Scheme	39%	45%
iv) Others	11%	13%

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

i) Discount rate at 31st March	6.65% p.a.	7.65% p.a.
ii) Expected return on plan assets at 31st March	8.50% p.a.	8.50% p.a.
iii) Rate of increase in compensation		
– Management	9.00% p.a.	9.00% p.a.
– Non-Management	6.00% p.a.	6.00% p.a.
iv) Leaving of service		
21 to 44-age.....	2.00% p.a.	2.00% p.a.
45 to 59-age.....	1.00% p.a.	1.00% p.a.

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

	2005-06 Rs. in '000	2006-07 Rs. in '000	2007-08 Rs. in '000
Defined Benefit Obligation	19,342	23,445	27,833
Plan Assets	19,955	21,443	24,595
Surplus/(Deficit)	613	(2,002)	(3,238)
Experience Adjustment on Plan Liabilities	—	739	1,210
Experience Adjustment on Plan Assets	—	222	2,737

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 2009-10 is Rs. 2,400 thousand.

As at 31.03.2009	As at 31.03.2008
Rs. in '000	Rs. in '000

3. Contingent Liabilities:

a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (against which advance paid Rs. 205 thousand (Previous year Rs. 3,508 thousand)	1,608	30,421
b) Income-tax matters in respect of earlier years under dispute as follows:		
Pending in appeal-matters against the Company	4,772	5,133
c) Excise Duties - Pending in appeal-matters against the Company	1,150	1,150



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

As at
31.03.2009
Rs. in '000

As at
31.03.2008
Rs. in '000

4. Provision for Tax & Deferred Tax:

The net deferred tax liability as on March 31, 2009, comprises the following components:

Deferred tax liability:

Depreciation on fixed assets	137,828	134,223
Total	137,828	134,223

Deferred tax asset:

Provision for Leave Encashment	(3,449)	(2,707)
Total	(3,449)	(2,707)
Net deferred tax liability.....	134,379	131,516

5. Out of the Deferred Revenue Expenditure recognised prior to 1st April, 2003, Rs. 871 thousand (Previous Year Rs. 849 thousand) has been charged to the Profit and Loss Account upon payment.

6. Related party disclosures, as required by AS-18 “Related Party Disclosures”, are given below:

	Nature of Relationship	Nature of Transactions	31/3/2009 Rs. in '000	31/3/2008 Rs. in '000
(A) Related Parties		Loan taken:		
1. Naperol Investments Ltd.	Wholly owned Subsidiary	Closing Balance	13,000	9,000
		Maximum amount outstanding	13,000	9,000
		Loan taken during the year	4,000	2,700
		Other Loans and Advances	189	—
		Interest Expense	1,191	823
(B) Key Management Personnel				
Mr. S. R. Lohokare	Managing Director	Remuneration for the year (Refer note no.7)	10,926	10,908

7. Managerial Remuneration:

	2008-2009 Rs. in '000	2007-2008 Rs. in '000
To Managing Director		
Salaries and Allowances	4,742	4,037
Performance Bonus / Commission.....	3,069	*3,750
Provident and Other Funds.....	1,945	1,946
Monetary Value of Benefits.....	1,170	1,175
Total	10,926	10,908

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

*Includes Rs. 1750 thousand for 2006-07 which has been provided on receipt of approval of the Central Government.

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

	2008-2009	2007-2008
	Rs. in '000	Rs. in '000
Profit before tax as per Profit and Loss Account.....	311,555	167,164
Add: Remuneration to Managing Director	10,926	10,908
Commission to Directors other than Managing Director	3,261	1,803
Directors' sitting fees.....	349	409
Net Profit under Section 309(5).....	<u>326,090</u>	<u>180,284</u>
(1) Maximum permissible remuneration to the Managing Director @ 5% of the net profits per Section 309(3) of the Companies Act, 1956.	16,305	9,014
(2) Maximum permissible Commission to Directors other than Managing Director @ 1% of the net profits per Section 309(4) of the Companies Act, 1956.	3,261	1,803

9. 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.

10. Earning Per Share:

	2008-2009	2007-2008
(a) Net profit for the year (Rs. in '000)	206,458	107,788
(b) Number of equity shares of face value of Rs. 10 each.....	5,747,000	5,747,000
(c) Basic and Diluted Earnings Per Share on the above (Rs.)	35.92	18.76

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

(a) Turnover:	2008-2009		2007-2008	
	Quantity in Tonnes	Rupees in '000	Quantity in Tonnes	Rupees in '000
Manufactured Products:				
Hydrogen Peroxide (50%).....	54,344	1,372,744	51,661	1,166,626
Sodium Perborate.....	327	23,293	425	27,667
Hydrogen Gas.....	41,87,068 NM ³	120,757	28,62,640 NM ³	67,009
		<u>1,516,794</u>		<u>1,261,302</u>
(b) Raw Materials:				
Consumed:				
Solvents and Chemicals.....	*	39,536	*	46,732
Naphtha	4,931	147,570	8,113	269,539
Natural Gas	211448 MMBTU	179,342	33466 MMBTU	24,607
Others	*	47,526	*	23,336
		<u>413,974</u>		<u>364,214</u>

* Comprise dissimilar items which cannot be practicably aggregated.



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2008-2009		2007-2008	
	Quantity in Tonnes	Rupees in '000	Quantity in Tonnes	Rupees in '000
(c) Stock of Finished Products:				
Opening				
Hydrogen Peroxide (50%)	810	12,539	222	3,424
Sodium Perborate.....	20	585	18	609
		13,124		4,033
Closing				
Hydrogen Peroxide (50%)	1,634	26,928	810	12,539
Sodium Perborate.....	31	1,069	20	585
		27,997		13,124
		2008-2009 MT		2007-2008 MT
(d) Licensed Capacity per annum on continuous working basis:				
Hydrogen Peroxide (50%)		59,000		59,000
Sodium Perborate.....		1,500		1,500
Hydrogen (in million NM ³)		23.45		23.45
Installed Capacity per annum on continuous working basis: (As certified by the Managing Director)				
Hydrogen Peroxide (50%)		54,000		54,000
Sodium Perborate.....		1,500		1,500
Hydrogen (in million NM ³)		23.45		23.45
Production:				
Hydrogen Peroxide (50%)		55,168		52,249
Sodium Perborate.....		338		427
Hydrogen		24,749,624 NM ³		22,433,719 NM ³
(For Captive Consumption 20,562,556 NM ³ , Previous Year 19,571,079 NM ³)				
		(Rs. in '000)		(Rs. in '000)
(e) Imports on C.I.F. Basis:				
Raw Materials.....		47,328		50,171
Stores and Spare parts.....		2,148		4,003
Capital Goods		1,142		17,777
(f) The value of consumption of directly imported and indigenously obtained raw materials, components, stores and spare parts and the percentage of each of them to the total consumption:				
	2008-2009		2007-2008	
	Rs. in '000	%	Rs. in '000	%
Raw Materials				
Directly imported.....	54,950	13	49,093	13
Indigenously obtained	359,024	87	315,121	87
	413,974	100	364,214	100
Components, Stores and Spare Parts				
Directly imported.....	2,072	5	530	2
Indigenously obtained	42,513	95	23,106	98
	44,585	100	23,636	100

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

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

	2008-2009	2007-2008
	Rs. in '000	Rs. in '000
(g) Expenditure in Foreign Currency:		
Membership & Subscription	584	—
Foreign Travel.....	59	387
	2008-2009	2007-2008
(h) Details of dividend remitted during the year in foreign currency:		
Amount remitted (Rs. in '000)	11,540	10,098
Number of Non-Resident Shareholders to whom remittance is made.....	1	1
Shares held by them	1,442,500	1,442,500
Relating to the period	2007-2008	2006-2007
	Rs. in '000	Rs. in '000
(i) FOB value of export:		
Hydrogen Peroxide.....	3,071	Nil

12. Segment Information:

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

13. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by a derivative instrument, or otherwise are given below. Amounts payable in foreign currency on account of the following:

Particulars	2008-2009		2007-2008	
	(Rs. in '000)	(Fx in '000)	(Rs. in '000)	(Fx in '000)
Buyer's Credit from Bank	Nil	USD Nil	26,139	USD 237
	Nil	EUR Nil	—	EUR 262
Import of goods and services.....	1,751	USD 34	6,026	USD 110
	Nil		—	EUR 25

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

14. Sundry expenses include an amount of Rs. 88 thousand (previous year - Nil) paid to a firm in which partners of the audit firm are partners.

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

	31.3.2009	31.3.2008
	Rs. in '000	Rs. in '000
a) Total of minimum lease payments for a period:		
– Not later than one year	834	867
– Later than one year but not later than five years	437	1,271
– Later than five years	—	—
b) Lease payments recognised in the statement of Profit and Loss for the year.	1,047	1,104

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



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

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

(In terms of amendment to Schedule VI Part IV)

I. Registration Details

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

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

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

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

Total Liabilities		9	9	1	0	6	2	Total Assets		9	9	1	0	6	2
-------------------	--	---	---	---	---	---	---	--------------	--	---	---	---	---	---	---

Source of Funds

Paid-up Capital			5	7	4	7	0	Reserves & Surplus		6	3	4	2	7	2
Secured Loans		1	5	1	9	4	1	Unsecured Loans			1	3	0	0	0
Deferred Tax Liability		1	3	4	3	7	9								

Application of Funds

Net Fixed Assets		8	8	2	0	2	0	Investments			1	2	7	3	3
Net Current Assets			9	4	4	6	0	Miscellaneous Expenditure				1	8	4	9
Accumulated Profits		4	8	6	1	2	2								

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

Turnover & Other Income	1	3	6	0	2	6	4	Total Expenditure	1	0	4	8	7	0	9
(+) Profit/(-) Loss before tax	+	3	1	1	5	5	5	(+) Profit/(-) Loss after tax	+	2	0	6	4	5	8
Earning per share in Rs. Basic:			3	5	.	9	2	Dividend rate % (Proposed)					1	0	0

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

(as per monetary terms)

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

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

P. V. KUPPUSWAMY

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA

Chairman

Directors

Mumbai, 11th May, 2009

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, 2009
3. Holding Company's Interest:	
Equity Capital:	
Number of Shares of Rs. 100 each	25,500
Extent of Holding	100%
Redeemable Preference Share Capital:	
Number of Shares	—
Extent of Holding	—
4. The net aggregate of Profit/(Loss) of the Subsidiary Companies in so far as it concerns the members of the Holding Company:	
(a) Not dealt with in the accounts of the Company for the year ended 31st March, 2009:	
(1) For the Subsidiary's financial year ended as in 2 above.....	Profit: Rs. 35.62 Lacs
(2) For the previous financial years of the Subsidiary	Profit: Rs. 154.61 Lacs
(b) Dealt with in the accounts of the Company for the year ended 31st March, 2009:	
(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

P. V. KUPPUSWAMY

Chairman

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA

Directors

Mumbai, 11th May, 2009

AUDITORS' REPORT

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

- We have audited the attached Consolidated Balance Sheet of NATIONAL PEROXIDE LIMITED ("the Company") and its subsidiary (the Company and its subsidiaries constitutes "the Group") as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with

the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements.

- Based on our audit and on the consideration of the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2009;
 - in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date and
 - in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Membership No. 39826

Mumbai, 11th May, 2009



National Peroxide Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Rupees in '000	Rupees in '000	As at 31st March, 2008 Rupees in '000
(A) SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
(a) Share Capital.....	1	57,470		57,470
(b) Reserves and Surplus	2	<u>656,967</u>		<u>514,184</u>
			714,437	<u>571,654</u>
LOAN FUNDS				
Secured Loans.....	3		151,941	336,349
DEFERRED TAX LIABILITY (NET)			134,379	131,516
(Refer Note 4, Schedule 14)				
TOTAL			<u>1,000,757</u>	<u>1,039,519</u>
(B) APPLICATION OF FUNDS :				
FIXED ASSETS				
(a) Gross Block.....	4	1,765,312		1,764,922
(b) Less: Depreciation		<u>894,722</u>		<u>863,042</u>
(c) Net Block			870,590	901,880
(d) Capital Work-in-Progress [Including advances of Rs. 205 thousand (Previous Year Rs. 3,508 thousand)]			11,430	18,764
INVESTMENTS	5		10,183	10,183
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories.....	6	102,272		89,446
(b) Sundry Debtors	7	149,420		148,415
(c) Cash and Bank Balances	8	2,629		4,553
(d) Loans and Advances	9	<u>50,263</u>		<u>45,666</u>
		304,584		288,080
Less: CURRENT LIABILITIES AND PROVISIONS				
(a) Liabilities	10	115,095		116,837
(b) Provisions.....	11	<u>82,784</u>		<u>65,271</u>
		197,879		182,108
NET CURRENT ASSETS			106,705	105,972
MISCELLANEOUS EXPENDITURE:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure (Refer Note 5, Schedule 14)			1,849	2,720
TOTAL			<u>1,000,757</u>	<u>1,039,519</u>

Notes to Accounts and Significant Accounting Policies..... 14

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

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

P. V. KUPPUSWAMY Chairman

K. N. SUNTOOK
A. K. HIRJEE
R. N. SETHNA } Directors

Mumbai, 11th May, 2009

Mumbai, 11th May, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2009**

	Schedule	Rupees in '000	Rupees in '000	2007-2008 Rupees in '000
INCOME :				
Gross Sale of Products		1,516,794		1,261,303
Less: Excise Duty.....		<u>166,814</u>		<u>167,074</u>
Net Sales			1,349,980	1,094,229
Other Income	12		<u>13,112</u>	<u>11,965</u>
Total Income.....			<u>1,363,092</u>	<u>1,106,194</u>
EXPENDITURE :				
Manufacturing and Other Expenses	13		936,671	823,781
Interest:				
on loans for fixed period.....		17,636		23,848
on others		<u>11,195</u>		<u>9,234</u>
			28,831	33,082
Depreciation			<u>82,073</u>	<u>78,460</u>
Total Expenditure			<u>1,047,575</u>	<u>935,323</u>
PROFIT BEFORE TAX.....			315,517	170,871
Less: Provision for Tax:				
– Current tax			104,000	50,300
– Deferred tax.....			2,863	8,426
– Fringe Benefit Tax.....			700	950
Add: Excess Provision for Taxes of Prior Years.....			<u>2,066</u>	<u>—</u>
PROFIT AFTER TAX.....			210,020	111,195
Add : Balance brought forward from Previous Year			380,157	334,635
AMOUNT AVAILABLE FOR APPROPRIATIONS			<u>590,177</u>	<u>445,830</u>
Appropriations:				
Proposed Dividend.....			57,470	45,976
Tax on Dividend			9,767	7,814
Transfer to General Reserve.....			21,057	11,141
Transfer to Special Reserve under Section 45 IC of the Reserve Bank of India Act, 1934			713	742
Balance Carried to Balance Sheet			<u>501,170</u>	<u>380,157</u>
			<u>590,177</u>	<u>445,830</u>
Basic and Diluted Earnings Per Share (Rs.).....			36.54	19.35
(Refer Note 8, Schedule 14)				
Notes to Accounts and Significant Accounting Policies	14			
The schedules referred above form an integral part of the profit and loss account				

As per our report of even date attached
For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

S. R. LOHOKARE
Managing Director

S. A. GAIKWAD
Company Secretary

For and on behalf of the Board of Directors

P. V. KUPPUSWAMY

Chairman

K. N. SUNTOOK

A. K. HIRJEE

R. N. SETHNA

Directors

Mumbai, 11th May, 2009

Mumbai, 11th May, 2009



National Peroxide Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs. in '000	2007-08 Rs. in '000
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax.....	315,517	170,871
Adjustments for:		
Depreciation.....	82,073	78,460
Interest expense.....	28,831	33,082
Interest income.....	(415)	(311)
Dividend income.....	(4,629)	(5,192)
Provision for Gratuity.....	2,064	1,236
Provision for Leave Encashment.....	2,183	(700)
(Profit)/Loss on sale of Fixed Assets.....	(4,200)	503
Deferred Revenue Expenditure amortised.....	871	849
Operating Profit before Working Capital Changes.....	422,295	278,798
Adjustments for		
(Increase)/Decrease in Debtors.....	(1,005)	(25,772)
(Increase)/Decrease in Loans & Advances.....	(841)	5,843
(Increase)/Decrease in term deposits pledged with bank.....	1,754	(1,737)
(Increase)/Decrease in Inventories.....	(12,826)	(41,088)
Increase/(Decrease) in Current Liabilities.....	(1,910)	14,444
Cash generated from operations.....	407,467	230,488
Less: Taxes paid.....	(106,572)	(49,025)
Net Cash flow from Operating Activities (A).....	300,895	181,463
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress).....	(43,533)	(60,086)
Sale of Fixed Assets.....	4,200	268
Interest received.....	415	581
Dividend received.....	4,629	5,192
Net Cash Used in Investing Activities (B).....	(34,289)	(54,045)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings through Term Loan.....		243,827
Repayment of Term Loans.....	(146,277)	(301,249)
Cash Credit.....	(38,131)	11,573
Interest paid.....	(28,831)	(33,149)
Dividend and Tax on Dividend paid.....	(53,537)	(46,722)
Net Cash from Financing Activities (C).....	(266,776)	(125,720)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C).....	(170)	1,698
Cash and Cash Equivalents — Opening balance.....	2,799	1,101
Cash and Cash Equivalents — Closing balance.....	2,629	2,799
Cash and Bank Balance — Closing balance (As per Schedule 8).....	2,629	4,553
Less: Deposits with Banks (Pledged as Margin Money).....	—	1,754
Cash and Cash Equivalents — Closing balance.....	2,629	2,799
Notes to Accounts and Significant Accounting Policies — Schedule 14		

As per our report of even date attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

For and on behalf of the Board of Directors

S. R. LOHOKARE
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A. K. HIRJEE

R. N. SETHNA

Chairman

Directors

Mumbai, 11th May, 2009

Mumbai, 11th May, 2009

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	Rupees in '000	As at 31.03.2008 Rupees in '000
SCHEDULE 1 – SHARE CAPITAL		
AUTHORISED		
25,000,000 Shares of Rs. 10 each.....	250,000	250,000
ISSUED, SUBSCRIBED AND PAID-UP		
5,747,000 Equity Shares of Rs. 10 each.....	57,470	57,470
Of the above:		
50,000 Shares allotted as fully paid-up pursuant to a contract without payment being received in cash.		
4,390,600 Shares allotted as fully paid bonus shares by capitalisation of General Reserve and Securities Premium.		
SCHEDULE 2 – RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
Balance as per last balance sheet.....	2	2
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934		
Balance as per last balance sheet.....	3,671	2,929
Add: Transfer from Profit and Loss Account.....	713	742
	4,384	3,671
GENERAL RESERVE		
Balance as per last account.....	130,354	119,213
Add: Transfer from Profit and Loss Account.....	21,057	11,141
	151,411	130,354
PROFIT AND LOSS ACCOUNT BALANCE	501,170	380,157
	656,967	514,184
SCHEDULE 3 – SECURED LOANS		
Loans and Advances from Banks :		
Term Loans	97,550	243,827
Cash Credits	54,391	66,383
Other Temporary loans (buyers' credit facilities)	—	26,139
	151,941	336,349
	151,941	336,349

NOTES:

- (1) Term loans from banks are secured by a first and equitable charge on certain fixed assets of the Company at Kalyan, Maharashtra and include amounts repayable within a year aggregating Rs. 68,620 thousand (Previous Year Rs. 146,278 thousand).
- (2) Cash credits and other demand loans from banks are secured by a second mortgage of all the Company's immovable properties and first charge by way of hypothecation of stocks and book debts.



National Peroxide Limited

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 4 – FIXED ASSETS

(Rupees in '000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as at 1.4.2008	Additions	Deductions	Closing As at 31.03.2009	Upto 1.4.2008	For the year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.3.2008
Land : Freehold	589	—	—	589	—	—	—	—	589	589
Buildings	43,161	15,845	—	59,006	21,013	1,718	—	22,731	36,275	22,148
Plant and Machinery	1,709,549	34,369	50,393	1,693,525	833,218	79,962	50,393	862,787	830,738	876,331
Furniture and Fixtures Office Equipments	11,623	569	—	12,192	8,811	393	—	9,204	2,988	2,812
Total	1,764,922	50,783	50,393	1,765,312	863,042	82,073	50,393	894,722	870,590	901,880
<i>Previous Year</i>	<i>1,693,360</i>	<i>73,071</i>	<i>1,509</i>	<i>1,764,922</i>	<i>785,320</i>	<i>78,460</i>	<i>738</i>	<i>863,042</i>	<i>901,880</i>	

SCHEDULE 5 – INVESTMENTS

Long Term:

Trade Investments (Quoted) at Cost:

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

Other Investments (Quoted) at Cost:

120 Equity Shares of Rs. 10 each fully paid up in Housing Development Finance Corporation Limited	2	2
500 Shares of Rs. 10 each fully paid up in HDFC Bank Limited	5	5
	7	7
	10,183	10,183
Market Value	84,667	276,683

SCHEDULE 6 – INVENTORIES

(at lower of cost and net realisable value)

Stores, Spare Parts and Packing materials.....	47,353	32,853
Raw Materials	15,377	31,923
Finished Products.....	27,997	13,124
Stock-in-trade-Shares and Securities.....	11,545	11,546
	102,272	89,446

SCHEDULE 7 – SUNDRY DEBTORS

(Unsecured and considered good)

Over six months old	1,775	—
Others	147,645	148,415
	149,420	148,415

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

	Rupees in '000	As at 31.03.2008 Rupees in '000
SCHEDULE 8 – CASH AND BANK BALANCES		
Cheques and cash on hand	132	247
With Scheduled Banks :		
– on Current Account	2,497	2,552
– on Deposit Account	—	1,754
	<u>2,629</u>	<u>4,553</u>
SCHEDULE 9 – LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for value to be received.	13,210	21,241
Matured Investments	—	10
Loans to Employees	176	260
Advance Payment of Taxes (net).....	12,378	8,622
Sundry Deposits	17,801	14,598
Balances with Excise, Customs etc.....	6,698	935
	<u>50,263</u>	<u>45,666</u>
SCHEDULE 10 – LIABILITIES		
Sundry Creditors	99,368	99,816
Deposits received from Customers.....	7,546	9,270
Other Liabilities	6,787	6,610
Investor Education and Protection Fund shall be credited by the following :		
Unclaimed Dividends *	1,394	1,141
	<u>115,095</u>	<u>116,837</u>
(*) The figures reflect the position of unclaimed dividends as at 31st March, 2009.		
The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.		
SCHEDULE 11 – PROVISIONS		
Provision for Gratuity	5,302	3,238
Provision for Compensated Absences.....	10,148	7,965
Provision for Income Tax (net of Advance Tax).....	97	127
Provision for Fringe Benefit Tax	—	151
Proposed Dividend.....	57,470	45,976
Tax on Dividend	9,767	7,814
	<u>82,784</u>	<u>65,271</u>



National Peroxide Limited

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Rupees in '000	Rupees in '000	2007-2008 Rupees in '000
SCHEDULE 12 – OTHER INCOME			
Interest on Deposits and Loans – (Gross, inclusive of tax deducted at source Rs. 79 thousand; Previous Year Rs. 66 thousand)		415	311
Dividends (Long Term)			
On Trade Investments.....	1,794		2,241
On Other Investments.....	2,835		2,951
	<hr/>	4,629	<hr/> 5,192
Profit on Sale of Assets (Net)		4,200	—
Insurance Claims		90	2,350
Sale of Scrap		739	2,691
Sundry Receipts		3,039	1,421
		<hr/> <u>13,112</u>	<hr/> <u>11,965</u>
SCHEDULE 13 – MANUFACTURING AND OTHER EXPENSES			
CONSUMPTION OF RAW MATERIALS		413,974	364,214
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			
Salaries, Wages and Other Benefits	62,348		54,245
Contributions to Provident and Other Funds	12,783		9,555
Workmen and Staff Welfare Expenses	11,390		10,593
	<hr/>	86,521	<hr/> 74,393
MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES :			
Excise Duty (Relating to Closing Stock)	506		2,089
Insurance.....	2,860		4,071
Rent	1,674		2,226
Rates and Taxes.....	1,975		1,918
Commission and Discount.....	3,354		3,710
Packing and Containers.....	112,451		104,289
Power, Fuel and Water.....	149,402		134,515
Stores and Spare Parts Consumed.....	44,585		23,636
Repairs and Maintenance – Buildings.....	4,119		3,729
Repairs and Maintenance – Machinery.....	15,896		15,825
Freight Outward	76,758		66,828
Sundry Expenses.....	29,498		27,091
	<hr/>	443,078	<hr/> 389,927
Auditors' Remuneration :			
(i) Audit Fees.....	525		525
(ii) Other Matters.....	167		225
(iii) Service Tax (Excluding Rs. 70 thousand (Previous Year Rs. 80 thousand) which is claimed as input credit)	6		3
(iv) Out of pocket expenses	—		10
	<hr/>	698	<hr/> 763

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

	Rupees in '000	Rupees in '000	2007-2008 Rupees in '000
SCHEDULE 13 – MANUFACTURING AND OTHER EXPENSES (Contd.)			
FOREIGN EXCHANGE FLUCTUATION (NET)		1,810	10
Bad Debts		981	—
Loss on Sale of Asset (Net)		—	503
DEFERRED REVENUE EXPENDITURE - (Written-off) (Refer Note 5, Schedule 14)		871	849
COMMISSION TO NON- EXECUTIVE DIRECTORS		3,261	1,803
DIRECTORS' SITTING FEES.....		349	409
(INCREASE)/DECREASE IN FINISHED PRODUCTS :			
Opening Stocks	13,124		4,033
Closing Stocks	27,997		13,124
		(14,873)	(9,091)
Difference in Value of Investments :			
Opening Stocks	11,546		11,547
Closing Stocks	11,545		11,546
		1	1
		<u>936,671</u>	<u>823,781</u>

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

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

(b) Principles of Consolidation:

- i) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements'. 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 2008-09 and 2007-08
Naperol Investments Limited	India	100%

(c) Use of Estimates:

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



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

(d) Fixed assets and depreciation:

• Tangible fixed assets and depreciation

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

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

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

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

(e) Impairment of fixed assets :

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Group's fixed assets. If any indication exists, an assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

(f) Deferred Revenue Expenditure:

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

(g) Taxes on Income:

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

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

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.

(h) Investments:

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

(i) Inventory:

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

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

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

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

(j) Revenue Recognition:

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

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

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

(k) Financial Income and Borrowing Cost:

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

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

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.

(l) Foreign Currency Transactions:

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

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

(m) Employee Benefits:**(i) Short-term Employee Benefits**

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

(ii) Long-term Employee Benefits

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

(iii) Defined-contribution plans

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

(iv) Defined-benefit plans

Expenses for defined-benefit gratuity are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

(v) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(n) Segment Reporting:

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

(o) Provisions and Contingencies:

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.



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

(p) Cash Flow Statements:

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

(q) Cash and Cash Equivalents:

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company’s cash and cash equivalents in the Cash Flow Statement.

(r) Earnings per Share:

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

2. Contingent Liabilities :	As at 31.3.2009 Rs. in '000	As at 31.3.2008 Rs. in '000
a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (against which advance paid Rs. 205 thousand (Previous year Rs. 3,508 thousand))	1,608	30,421
b) Income-tax matters in respect of earlier years under dispute as follows: Pending in appeal-matters against the Company	4,772	5,133
c) Excise duties - Pending in appeal-matters against the Company	1,150	1,150
3. Employee Benefits Obligations	2008-09 Rs. in '000	2007-08 Rs. in '000
a) The Group has recognised the following amounts in the Profit and Loss Account as contribution under defined contribution schemes		
(i) Provident Fund	4,073	3,890
(ii) Superannuation Fund	3,108	2,136
(iii) ESIC	26	10
b) Details of gratuity plan are as follows:		
The amounts recognised in the balance sheet are as follows:		
(i) Present value of funded obligations	33,774	27,833
(ii) Fair value of plan assets	(28,472)	(24,595)
Amounts in the Balance Sheet		
Liabilities	5,302	3,238
Assets	—	—
The amounts recognised in the statement of profit and loss are as follows:		
(i) Current service cost	1,329	1,210
(ii) Interest on obligation	2,083	1,746
(iii) Expected return on plan assets	(1,947)	(1,655)
(iv) Net actuarial losses/(gains) recognised in year	3,837	2,244
Expenses recognised in the statement of profit and loss	5,302	3,545

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

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:	2008-09 Rs. in '000	2007-08 Rs. in '000
(i) Opening defined benefit obligation	27,833	23,445
(ii) Service cost	1,329	1,210
(iii) Interest cost	2,083	1,746
(iv) Actuarial losses/(gains)	4,077	*2,123
(v) Benefits paid	(1,548)	(691)
(vi) Closing defined benefit obligation	33,774	27,833

*Includes adjustment (loss) of Rs. 307 thousand relating to the previous year.

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	24,595	21,443
(ii) Expected return	1,947	1,655
(iii) Actuarial losses/(gains)	240	#(121)
(iv) Contribution by employer	3,238	2,309
(v) Benefits paid	(1,548)	(691)
(vi) Closing fair value of plan assets	28,472	24,595

#Includes adjustment (loss) of Rs. 307 thousand relating to the previous year

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

Category of Assets

(i) Government of India Securities	1%	1%
(ii) Corporate Bonds.....	49%	41%
(iii) Special Deposit Scheme	39%	45%
(iv) Others	11%	13%

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

(i) Discount rate at 31st March	6.65% p.a.	7.65% p.a.
(ii) Expected return on plan assets at 31st March	8.50% p.a.	8.50% p.a.
(iii) Rate of increase in compensation		
– Management	9.00% p.a.	9.00% p.a.
– Non-Management.....	6.00% p.a.	6.00% p.a.
(iv) Leaving of service		
21 to 44-age.....	2.00% p.a.	2.00% p.a.
45 to 59-age.....	1.00% p.a.	1.00% p.a.

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

	2005-06 Rs. in '000	2006-07 Rs. in '000	2007-08 Rs. in '000
Defined Benefit Obligation	19,342	23,445	27,833
Plan Assets	19,955	21,443	24,595
Surplus/(Deficit).....	613	(2,002)	(3,238)
Experience Adjustment on Plan Liabilities	—	739	1,210
Experience Adjustment on Plan Assets	—	222	2,737

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 2009-10 is Rs. 2,400 thousand.



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

	As at 31.3.2009 Rupees in '000	As at 31.3.2008 Rupees in '000		
4. Provision for Deferred Tax:				
The net deferred tax liability as on 31st March, 2009, comprises the following components :				
Deferred tax liability :				
Depreciation on fixed assets	137,828	134,223		
Total	<u>137,828</u>	<u>134,223</u>		
Deferred tax asset :				
Provision for Leave Encashment	(3,449)	(2,707)		
Total	<u>(3,449)</u>	<u>(2,707)</u>		
Net deferred tax liability	<u>134,379</u>	<u>131,516</u>		
5. Out of the Deferred Revenue Expenditure recognised prior to 1st April 2003, Rs. 871 thousand (Previous Year Rs. 849 thousand) has been charged to the Profit and Loss Account upon payment.				
6. Related Party disclosures				
Related party disclosures, as required by AS-18 "Related Party Disclosures", are given below.				
Key Management Personnel	Nature of Relationship	Nature of Transactions	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
Mr. S. R. Lohokare	Managing Director	Remuneration for the year	10,926	10,908
7. Segment Information				
Segment Information based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS-17).				
	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000		
1. SEGMENT REVENUE				
Peroxygen	1,353,848	1,100,691		
Others	2,828	2,945		
Unallocated	6,416	2,558		
Sales/Income from Operations.....	<u>1,363,092</u>	<u>1,106,194</u>		
2. SEGMENT RESULTS (Profit before Interest and Tax)				
Peroxygen	335,161	199,014		
Others	2,771	2,884		
Unallocated:				
Interest Paid.....	(28,831)	(33,082)		
Other Income	2,216	2,558		
Profit/(Loss) on sale of assets	4,200	(503)		
	<u>(22,415)</u>	<u>(31,027)</u>		
Profit before Taxes.....	315,517	170,871		
Less: Provision for taxes	(105,497)	(59,676)		
Profit after Taxes.....	<u>210,020</u>	<u>111,195</u>		
3. OTHER INFORMATION				
(i) SEGMENT ASSETS:				
Peroxygen	1,163,516	1,189,974		
Others	12,559	12,838		
Unallocated.....	22,561	18,815		
Total.....	<u>1,198,636</u>	<u>1,221,627</u>		

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

	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
(ii) SEGMENT LIABILITIES:		
Peroxygen	115,067	128,012
Others	28	28
Unallocated	369,104	521,933
Total	<u>484,199</u>	<u>649,973</u>
(iii) CAPITAL EXPENDITURE:		
Peroxygen	43,449	57,375
Others	—	—
Unallocated	—	—
Total	<u>43,449</u>	<u>57,375</u>
(iv) DEPRECIATION:		
Peroxygen	82,073	78,460
Others	—	—
Unallocated	—	—
Total	<u>82,073</u>	<u>78,460</u>
(v) NON CASH EXPENDITURE OTHER THAN DEPRECIATION:		
Peroxygen	981	—
Others	—	—
Unallocated	—	—
Total	<u>981</u>	<u>—</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 Companies of investing activities
- (2) The Group does not have secondary Segment as it operates significantly within India.

8. Earning Per Share:

	2008-2009	2007-2008
a. Net profit for the year (Rs. in '000)	210,021	111,195
b. Number of equity shares of face value of Rs. 10 each	5,747,000	5,747,000
c. Basic and Diluted Earnings Per Share on the above (Rs.)	36.54	19.35

9. 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:

	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
a) Total of minimum lease payments for a period:		
– Not later than one year	834	867
– Later than one year but not later than five years	437	1,271
– Later than five years	—	—
b) Lease payments recognised in the statement of Profit and Loss for the year.	1,047	1,104

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

For and on behalf of the Board of Directors			
S. R. LOHOKARE <i>Managing Director</i>	P. V. KUPPUSWAMY	Chairman	
S. A. GAIKWAD <i>Company Secretary</i>	K. N. SUNTOOK A. K. HIRJEE R. N. SETHNA	} Directors	

Mumbai, 11th May, 2009



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, 2009.

1. FINANCIAL RESULTS

	For the year ended 31st March, 2009 (Rupees)	For the year ended 31st March, 2008 (Rupees)
Operating Profit for the year	39,62,225	37,07,499
Less : Provision for Tax	4,00,000	3,00,000
Profit after Tax	35,62,225	34,07,499
Add : Profit brought forward from previous year	1,25,57,405	1,02,32,656
Profit available for appropriation	1,61,19,630	1,36,40,155
Less: Transferred to General Reserves	3,57,000	3,40,750
Less: Transferred to Regulated Reserve Fund (NBFC)	7,13,000	7,42,000
Balance carried to Balance Sheet	1,50,49,630	1,25,57,405

2. DIVIDEND

The Directors do not recommend the payment of dividend.

3. FIXED DEPOSITS

No deposits from the Public were accepted and were outstanding with the Company during the year ended 31st March, 2009.

4. DIRECTORS

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the year ended 31st March, 2009;
- that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that they have prepared the annual accounts on a going concern basis.

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

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

7. PARTICULARS OF EMPLOYEES

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

8. AUDITORS

M/s. S. B. Billimoria & Co., Chartered Accountants, Mumbai, retires as Auditors of the Company and have expressed their inability to be re-appointed. The Company has received a notice proposing appointment of M/s. Nanubhai & Co., as Statutory Auditors.

As required under provisions of Section 224 of the Companies Act, 1956, the Company has obtained a certificate from M/s. Nanubhai & Co., proposed to be appointed, to the effect that their appointment, if made, would be in conformity with the limits specified in the said Section.

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

9. INTERNAL AUDIT SYSTEM

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

10. COMPLIANCE CERTIFICATE FROM PRACTISING COMPANY SECRETARY

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

On behalf of the Board of Directors

(S. S. KELKAR)
CHAIRMAN

Mumbai, 8th May, 2009

COMPLIANCE CERTIFICATE

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

To,
The Members
NAPEROL INVESTMENTS LIMITED
MUMBAI.

I have examined the necessary registers, records, books and papers of Naperol Investments Limited 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, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

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

- The Company was deemed Public Limited Company under erstwhile section 43A (1) of the Companies Act, 1956 and has the minimum prescribed paid-up capital and its maximum number of members are two. As National Peroxide Limited holds 100% of the paid-up capital of the Company and since provisions of section 43A are deleted by the Companies (Amendment) Act, 2000, the Company is yet to increase number of shareholders to Seven and convert itself into a Public Limited within the meaning of Section 3(1)(iv) of the Act and to delete inconsistent clause(s) in the Articles of Association of the Company.
- The Board of Directors duly met 4 (four) times for the meetings held on 05.05.2008, 22.07.2008, 27.10.2008 and 30.01.2009 respectively, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company was not required to close its Register of Members during the financial year under review and consequently compliance u/s 154 of the Act is not required.
- The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 22nd July, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No Extra Ordinary General Meetings were held during the financial year under review.

NAPEROL INVESTMENTS LIMITED

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

Place : Mumbai
Date : 8th May, 2009

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

Annexure A

Sr. No.	Registers maintained by the Company.	Under Section
1.	Register of Members	150
2.	Minutes Books of the proceedings of the Meetings of the Board of Directors and of the Members	193
3.	Register of contracts, Companies and firms in which Directors are interested	301
4.	Register of Directors, Managers and Secretary	303
5.	Register of Directors' Shareholding	307
6.	Register of Directors' Attendance	Voluntary
7.	Register of Share Transfer	Voluntary
8.	Register of Share Application and Allotment.	Voluntary

Place : Mumbai
Date : 8th May, 2009

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

Annexure B

Sr. No.	Form No./ Return	Filed under Section	For	Date of Filing and SRN No.	If delay in filing whether requisite additional fee paid Yes/No.
1.	Form No. 23AC and 23ACA	210	The year ending 31st March, 2008	12.08.2008 SRN P20407490	Yes
2.	Form No. 66	383A	The year ending 31st March, 2008	05.08.2008 SRN P20296414	Yes
3.	Form No. 20B	159, 160, 161	Upto the date of AGM i.e. 22nd July, 2008	26.08.2008 SRN P20697967	No

Place : Mumbai
Date : 8th May, 2009

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



NAPEROL INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF NAPEROL INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of **NAPEROL INVESTMENTS LIMITED**, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations from the Directors as on 31st March, 2009 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

For S. B. BILLIMORIA & CO.
Chartered Accountants
Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 8th May, 2009

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) The nature of the Company's business/activities during the year is such that, clauses (ii), (viii), (xi), (xiii), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) The Company does not have any fixed assets.
- (iii) In respect of unsecured loan granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) Loans aggregating Rs. 4,000,000 were granted to one party. At the year-end, the outstanding balances of loans aggregated Rs. 13,000,000 and the maximum amount outstanding during the year amounted to Rs. 13,000,000.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The repayment of principal amount and interest has during the year been as per stipulations.
 - (d) There are no overdue amounts outstanding at the year-end.
- (iv) The Company has not taken any loans, secured or unsecured, during the year, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase and sale of stock-in-trade. The nature of the Company's business is such that it does not involve sale of services. During the course of our audit, we have not observed any major weaknesses in such internal control systems.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) The Company has not accepted deposits from the public which are covered by the provisions of Sections 58A and 58AA and the Companies' (Acceptance of Deposits) Rules, 1975.
- (viii) The Company does not have an internal audit system. According to the information and explanations given to us, having regard to the size of the Company and the nature of its business, the Management does not consider it necessary to have an internal audit system for the Company.
- (ix) According to the information and explanations given to us in respect of statutory and other dues:
 - (a) There were no dues on account of Provident Fund, Service Tax, Investor Education and Protection Fund, Employee State Insurance, Work Contract Tax, Wealth Tax, Sales Tax, State VAT, Custom Duty, Excise Duty & Cess that were payable during the year. However, there were no delays noticed in depositing the undisputed Income Tax dues with the appropriate authorities.
 - (b) There are no dues on account of Service Tax, Income Tax, Wealth Tax, and Cess which have not been deposited as at 31st March, 2009 on account of any dispute.
- (x) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) During the year covered by our audit, the Company has not entered into any transaction or contracts in respect of shares, securities, debentures and other investments. In respect of investments held by the Company during the year, the securities have been held in its own name.
- (xiii) According to the information and explanations given to us, there have been no guarantees given by the Company for loans taken by others from banks and financial institutions.
- (xiv) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. B. BILLIMORIA & CO.
Chartered Accountants
Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 8th May, 2009

NAPEROL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	Rupees	Rupees	As at 31.03.2008 Rupees
I. SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
(a) Share Capital.....	1	2,550,000		2,550,000
(b) Reserves and Surplus.....	2	<u>22,696,223</u>		<u>19,133,998</u>
			25,246,223	<u>21,683,998</u>
TOTAL			<u>25,246,223</u>	<u>21,683,998</u>
II. APPLICATION OF FUNDS :				
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Stock-in-trade	3	11,545,321		11,546,099
(b) Cash and Bank Balances	4	1,014,490		1,292,724
(c) Loans and Advances.....	5	<u>13,000,000</u>		<u>9,000,000</u>
		25,559,811		<u>21,838,823</u>
LESS : CURRENT LIABILITIES AND PROVISIONS.....	6	<u>313,588</u>		<u>154,825</u>
NET CURRENT ASSETS.....			25,246,223	<u>21,683,998</u>
TOTAL			<u>25,246,223</u>	<u>21,683,998</u>
Notes to Accounts	7			

As per our report attached.

For S. B. Billimoria & Co.
Chartered AccountantsSanjiv V. Pilgaonkar
Partner

Mumbai, 8th May, 2009

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

} Directors

Mumbai, 8th May, 2009



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rupees	Rupees	2007-2008 Rupees
INCOME :			
Dividend		2,827,801	2,945,033
Interest on Advance (Gross, Inclusive of Tax Deducted at Source Rs. 245,264; Previous year Rs. 186,408)		1,190,601	822,632
Other Income		—	594
		<u>4,018,402</u>	<u>3,768,259</u>
EXPENDITURE :			
Difference in values of investments			
Opening Stock	11,546,099		11,546,987
Less : Closing Stock	<u>11,545,321</u>		<u>11,546,099</u>
		778	888
Auditors' Remuneration :			
Audit Fees (inclusive of service tax of Rs. 2,575 (Previous year Rs. 3,090))	27,575		28,090
In Other Capacity (Inclusive of service tax of Rs. 2163; Previous year Nil)	<u>19,663</u>		—
		47,238	28,090
Legal & Professional Charges		5,618	18,539
General Expenses		2,543	13,243
		<u>56,177</u>	<u>60,760</u>
PROFIT BEFORE TAX		3,962,225	3,707,499
Less : Provision for Tax		400,000	300,000
PROFIT AFTER TAX		3,562,225	3,407,499
Add : Balance Brought Forward		<u>12,557,405</u>	<u>10,232,656</u>
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>16,119,630</u>	<u>13,640,155</u>
APPROPRIATIONS:			
Proposed Dividend		—	—
Tax on Dividend		—	—
Transfer to General Reserve		357,000	340,750
Transfer to Special Reserve Under Section 45 IC of the Reserve Bank of India Act, 1934		713,000	742,000
BALANCE CARRIED TO BALANCE SHEET		<u>15,049,630</u>	<u>12,557,405</u>
Earnings per Share (Refer Note 4)		139.70	133.63
Notes to Accounts – (Schedule 7)			

As per our report attached.

For S. B. Billimoria & Co.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai, 8th May, 2009

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

} Directors

Mumbai, 8th May, 2009

NAPEROL INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009 Rupees	2007-2008 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	3,962,225	3,707,499
Operating Profit before Working Capital Changes	<u>3,962,225</u>	<u>3,707,499</u>
Adjustments for		
(Increase)/Decrease in Interest/Dividend Accrued	—	471,263
(Increase)/Decrease in Loans & Advances	(4,000,000)	(2,700,000)
(Increase)/Decrease in Inventories	778	888
Increase/(Decrease) in Current Liabilities	<u>188,383</u>	<u>—</u>
Cash generated from operations	151,386	1,479,650
Less: Taxes paid	<u>(429,620)</u>	<u>(279,976)</u>
Net Cash flow from Operating Activities (A)	<u>(278,234)</u>	<u>1,199,674</u>
B CASH FLOW FROM INVESTING ACTIVITIES (B)	—	—
C CASH FLOW FROM FINANCING ACTIVITIES: (C)	—	—
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(278,234)	1,199,674
Cash and Cash Equivalents – Opening balance as at 01-04-2008 – As per Schedule 4 ...	1,292,724	93,050
Cash and Cash Equivalents – Closing balance as at 31-03-2009 – As per Schedule 4	<u>1,014,490</u>	<u>1,292,724</u>

As per our report attached

For S. B. Billimoria & Co.

Chartered Accountants

Sanjiv V. Pilgaonkar

Partner

Mumbai, 8th May, 2009

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

} Directors

Mumbai, 8th May, 2009

SCHEDULES TO THE BALANCE SHEET

	Rupees	Rupees	As at 31.03.2008 Rupees
SCHEDULE 1 – SHARE CAPITAL			
AUTHORISED			
49,982 Equity Shares of Rs. 100/- each	4,998,200		4,998,200
18, 11% Non-Cumulative Redeemable Preference shares of Rs. 100/- each ...	<u>1,800</u>		<u>1,800</u>
		<u>5,000,000</u>	<u>5,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP			
25,500 Equity shares of Rs. 100/- each		<u>2,550,000</u>	<u>2,550,000</u>
Note : All the above Equity Shares are held by National Peroxide Limited, the Holding Company, jointly with its Nominees.			
SCHEDULE 2 – RESERVES AND SURPLUS			
CAPITAL REDEMPTION RESERVE			
Balance as per last account		1,800	1,800
GENERAL RESERVE			
Balance as per last account	2,903,869		2,563,119
Add : Amount transferred from Profit and Loss Account	<u>357,000</u>		<u>340,750</u>
		3,260,869	2,903,869
SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934			
Balance as per last account	3,670,925		2,928,925
Add : Amount transferred from Profit and Loss Account	<u>713,000</u>		<u>742,000</u>
		4,383,925	3,670,925
PROFIT AND LOSS ACCOUNT		<u>15,049,630</u>	<u>12,557,405</u>
		<u>22,696,223</u>	<u>19,133,999</u>



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

SCHEDULE 3 – STOCK-IN-TRADE

Sr. No.	Name of the Company	Opening Stock (1-4-2008)		Purchases/Conversion		Closing Stock (31-3-2009)	
		Face Value (Rs.)	Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)	Quantity Nos.
	Shares (Quoted): (Fully paid-up)						
1.	The Bombay Dyeing & Manufacturing Company Limited	10	81,240	2,459,624	—	—	2,459,624
2.	The Bombay Burmah Trading Corporation Limited	10	841,680	8,814,494	—	—	8,814,494
3.	Larsen and Toubro Limited	2	4	122	4*	8	122
4.	Technojel Consultants Limited	10	3,000	31,038	—	—	31,038
5.	ABB Limited	2	60	493	—	—	493
6.	Tata Chemicals Limited	10	56	1,683	—	—	1,683
7.	Finolex Cables Limited	2	50	238	—	—	238
8.	ACC Limited	10	300	9,030	—	—	9,030
9.	Colgate Palmolive India Limited	1	66	163	—	—	163
10.	J. K. Synthetics Limited	10	466	1,696	—	—	1,696
11.	J. K. Cement Limited	10	46	—	—	—	—
12.	ORG Infomatics Limited	10	7	18	—	—	18
13.	ICICI Bank Limited	10	933	51,200	—	—	51,200
14.	ALSTOM Project India Limited	10	12	—	—	—	—
15.	UltraTech Cement Limited	10	1	—	—	—	—
				11,369,799			11,369,021
1.	Shares (Unquoted): (Fully paid-up) B. R. T. Limited	100	1,000	137,000	—	—	137,000
				137,000			137,000
1.	Debentures (Unquoted): (Fully paid-up) Zero% Unsecured Fully Convertible Debentures in Sunflower Investments and Textiles Private Limited	100	393	39,300	—	—	39,300
				39,300			39,300
	GRAND TOTAL			11,546,099			11,545,321

* Bonus shares received during the year.

NAPEROL INVESTMENTS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

	Rupees	As at 31.03.2008 Rupees
SCHEDULE 4 – CASH AND BANK BALANCES		
Cash in hand.....	9,672	11,572
Current Account with Scheduled Bank	1,004,818	1,281,152
	1,014,490	1,292,724
 SCHEDULE 5 – LOANS AND ADVANCES		
Advance to Holding Company	13,000,000	9,000,000
	13,000,000	9,000,000
 SCHEDULE 6 – CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors (Refer note 7 in Notes to the Account)	216,473	28,090
Provision for Tax (Net of Advance Tax).....	97,115	126,735
Proposed Dividend.....	—	—
Tax on Dividend.....	—	—
	313,588	154,825

SCHEDULE 7 – NOTES TO THE ACCOUNTS

1. Significant Accounting Policies :

(a) Basis of Accounting:

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

(b) Use of Estimates:

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

(c) Stock-in-trade:

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

(d) Dividend/Interest:

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

(e) Taxes on Income:

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

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

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



NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

3. Related Party Disclosures

Related party disclosures, as required by AS-18, "Related Party Disclosures", are given below:

The following transactions were carried out with related parties in the ordinary course of business.

	Nature of Relationship	Nature of Transactions	31.03.2009	31.03.2008
(A) Related Parties				
1.	National Peroxide Limited	Holding Company		
		Loan given:		
		Closing Balance	13,000,000	9,000,000
		Maximum amount outstanding	13,000,000	9,000,000
		Loan given during the year	4,000,000	2,700,000
		Interest Received	1,190,601	822,632
		Sundry Creditors	188,898	28,090

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

	2008-2009	2007-2008
Net profit for the year (Rs.)	3,562,225	3,407,499
Number of ordinary shares	25,500	25,500
Face Value of Equity Share (Rs.)	100	100
Basic & Diluted Earnings per Share	139.70	133.63

5. Segment Information:

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

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

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

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

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

Particulars Liabilities side :	Amount in Rs.	
	Amount outstanding	Amount overdue
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Nil	Nil
(a) Debentures : Secured	—	—
: Unsecured (other than falling within the meaning of public deposits*)	—	—
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowing	—	—
(e) Commercial Paper	—	—
(f) Other Loans (specify nature)	—	—
Working Capital from Banks		
Unsecured Loan from Banks		

* Please see Note 1 below

NAPEROL INVESTMENTS LIMITED**SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)**

Particulars Assets side :	Amount in Rs. Amount outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	—
(b) Unsecured	13,000,000
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	Nil
(i) Lease assets including lease rentals under sundry debtors:	—
(a) Financial lease	—
(b) Operating lease	—
(ii) Stock on hire including hire charges under sundry debtors:	—
(a) Assets on hire	—
(b) Repossessed Assets	—
(iii) Other loans counting towards AFC activities	—
(a) Loans where assets have been repossessed	—
(b) Loans other than (a) above	—
(4) Break-up of Investments : (Included in Stock-in-Trade)	Nil
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	11,369,021
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted :	
(i) Shares : (a) Equity	137,000
(b) Preference	—
(ii) Debentures and Bonds	39,300
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted :	
(i) Shares : (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
Fixed Deposits with banks	—



NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

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

Category	Amount net of provisions (in Rupees)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties (Holding Company)	—	13,000,000	13,000,000
2. Other than related parties	—	—	—
Total	—	13,000,000	13,000,000

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

Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **	Nil	Nil
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	128,497,687	*11,545,321
Total	128,497,687	*11,545,321

* Includes cost of unquoted securities Rs.176,300

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

- (7) Other information

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

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.
- Based on the information received by the Company from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) there are no amounts due to such vendors during the year and as at the year end. Therefore, disclosures required under the Act have not been given.
- Previous year's figures have been regrouped wherever necessary.

NAPEROL INVESTMENTS LIMITED

SCHEDULE 7 – NOTES TO THE ACCOUNTS (Contd.)

9. Balance Sheet Abstract and Company's General Business Profile (In terms of amendment to Schedule VI Part IV)

I. Registration Details

Registration No.

U	6	5	9	9	0	M	H	1	9	8	0	P	L	C	0	2	2	5	8	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1
---	---

 /

0	3
---	---

 /

2	0	0	9
---	---	---	---

 State Code

1	1
---	---

Date Month Year

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

Public Issue

			N	I	L
--	--	--	---	---	---

 Rights Issue

			N	I	L
--	--	--	---	---	---

Bonus Issue

			N	I	L
--	--	--	---	---	---

 Private Placement

			N	I	L
--	--	--	---	---	---

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

Total Liabilities

	2	5	2	4	6
--	---	---	---	---	---

 Total Assets

2	5	2	4	6
---	---	---	---	---

Source of Funds

Paid-up Capital

		2	5	5	0
--	--	---	---	---	---

 Reserves & Surplus

2	2	6	9	6
---	---	---	---	---

Secured Loans

			N	I	L
--	--	--	---	---	---

 Unsecured Loans

			N	I	L
--	--	--	---	---	---

Application of Funds

Net Fixed Assets

			N	I	L
--	--	--	---	---	---

 Investments

			N	I	L
--	--	--	---	---	---

Net Current Assets

	2	5	2	4	6
--	---	---	---	---	---

 Miscellaneous Expenditure

			N	I	L
--	--	--	---	---	---

Accumulated Profits

	1	5	0	5	0
--	---	---	---	---	---

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

Turnover & Other Income

		4	0	1	8
--	--	---	---	---	---

 Total Expenditure

			5	6
--	--	--	---	---

Profit/Loss before tax

		3	9	6	2
--	--	---	---	---	---

 Profit/Loss after tax

	3	5	6	2
--	---	---	---	---

Earning per share in Rs.

1	3	9	.	7	0
---	---	---	---	---	---

 Dividend rate % (Proposed)

N	I	L
---	---	---

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

Item Code No. N.A.
Product Description INVESTMENTS

Signatures to Schedules 1 to 9

For and on behalf of the Board of Directors

S. S. KELKAR

S. R. LOHOKARE

} Directors

Mumbai, 8th May, 2009



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 55th ANNUAL GENERAL MEETING of National Peroxide Limited at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, (Rampart Row), (Behind Prince of Wales Museum), Mumbai 400 001, on Tuesday, 21st July, 2009 at 4.00 p.m.

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

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

SIGNATURE OF SHAREHOLDER OR PROXY OR REPRESENTATIVE ATTENDING THE MEETING

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

- N.B. : 1. 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.
2. 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 Fifth Annual General Meeting of the Company to be held on Tuesday, 21st July, 2009 and at any adjournment thereof.

Signed this day of July, 2009.



Signature across Revenue Stamp

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

AWARDS RECEIVED DURING 2008-09

AWARD FOR EXCELLENCE IN PROCESS OR PRODUCT DEVELOPMENT – 2008



Mr. S. R. Lohokare, Managing Director, receiving the Award from Mr. S. Ganeshan, President, Indian Institute of Chemical Engineers, on 27th December, 2008 in Chandigarh.

NATIONAL ENERGY CONSERVATION AWARD – 2008



Mr. M. J. Shah, Manager – Engineering, receiving the Certificate of Merit from Mr. Sushilkumar Shinde, Minister of Power on 14th December, 2008 in New Delhi for Energy Conservation in the Chemical Sector.

BOOK-POST

If undelivered, please return to:

SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit: **National Peroxide Ltd.**

Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072.