

National Peroxide Limited



**ANNUAL REPORT
2010-2011**

AWARDS RECEIVED DURING 2010-2011

NATIONAL ENERGY CONSERVATION AWARD - 2010



Mr. S. R. Lohokare, Managing Director (on right), receiving the Award of the First Prize in Energy Conservation in the Chemical Sector for the year 2010, from Mr. Sushilkumar Shinde, Hon'ble Minister for Power. This Award has been instituted by the Government of India, Ministry of Power.

AWARD FOR EXCELLENCE IN ENERGY CONSERVATION AND MANAGEMENT - 2009



Mr. S. R. Lohokare, Managing Director (in centre), and Prof. M. M. Sharma, Chief Guest, holding the Certificate of Merit conferred by Indian Chemical Council (ICC), for Excellence in Energy Conservation and Management, for the year 2009, flanked by Company Executives and ICC Officials.

More photos on inside back cover



National Peroxide Limited

Annual Report 2010-2011

(Registered — 16th March, 1954)

DIRECTORS (As on 27th April, 2011)

P. V. KUPPUSWAMY (Chairman – upto 27th April, 2011)
 K. N. SUNTOOK
 NESS N. WADIA (Chairman – w.e.f. 27th April, 2011)
 R. N. SETHNA
 R. BATRA
 J. S. BILIMORIA
 D. N. MEHTA
 N. P. GHANEKAR (Additional Director – w.e.f. 27th April, 2011)
 S. R. LOHOKARE (Managing Director)

COMPANY SECRETARY

S. A. GAIKWAD

BANKERS

STATE BANK OF INDIA
CANARA BANK

SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & CO.

AUDITORS

S. B. BILLIMORIA & Co.
Chartered Accountants

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

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

CONTENTS

| | |
|---|----|
| Notice | 2 |
| Directors' Report | 5 |
| Management Discussion & Analysis Report | 12 |
| Corporate Governance Report | 15 |
| Auditors' Report | 23 |
| Balance Sheet | 26 |
| Profit & Loss Account | 27 |
| Cash Flow Statement | 28 |
| Schedules to the Balance Sheet | 29 |
| Schedules to the Profit and Loss Account | 33 |
| Notes to the Accounts | 34 |
| Consolidated Auditors' Report | 43 |
| Consolidated Balance Sheet | 44 |
| Consolidated Profit and Loss Account | 45 |
| Consolidated Cash Flow Statement | 46 |
| Schedules to the Consolidated Balance Sheet | 47 |
| Schedules to the Consolidated Profit and Loss Account | 50 |
| Notes to the Consolidated Accounts | 51 |
| Naperol Investments Limited | 58 |



National Peroxide Limited

NOTICE

NOTICE is hereby given that the Fifty-Seventh 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 Monday, 8th August, 2011 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, 2011 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. Ness N. Wadia, 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 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. R. N. Sethna, who has not sought re-appointment, be not filled in at this meeting or at any adjournment thereof.”
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. Nityanath Ghanekar be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation.”

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. The instruments appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the Special Business at Item Nos. 5 & 6 of the Notice as set out above, is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, 26th July, 2011 to Monday, 8th August, 2011, both days inclusive.

- (d) (i) The dividend, if any, that may be declared at the Meeting, shall be paid on or after 9th August, 2011 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 25th July, 2011, in respect of the shares held in physical form.
(ii) In respect of the shares held in electronic form, the dividend for the year ended 31st March, 2011 will be payable to the beneficial owners of the shares as at the closing hours of 25th July, 2011, as per the details to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
- (e) Members are requested to notify immediately any (i) change of address; (ii) change of bank details; (iii) NECS mandate; or (iv) nomination to:
 - (1) their Depository Participants (DPs) in respect of shares held in demat form; and
 - (2) the Company's Registrar & Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., in respect of shares held in physical form, at the following address:

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

The aforesaid information should reach Sharex Dynamic (India) Pvt. Ltd. on or before 25th July, 2011, except nomination which can be done at any time.

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

Unclaimed dividends for the financial years 1994-95; 1995-96; 1996-97; 2000-01, 2001-02 and 2002-03 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, 2004 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 |
|----------------|---------------------------------|--|
| 2003-04 | 29.07.2004 | 28.07.2011 |
| 2004-05 | 28.07.2005 | 27.07.2012 |
| 2005-06 | 28.07.2006 | 27.07.2013 |
| 2006-07 | 27.07.2007 | 26.07.2014 |
| 2007-08 | 23.07.2008 | 22.07.2015 |
| 2008-09 | 21.07.2009 | 20.07.2016 |
| 2009-10 | 30.07.2010 | 29.07.2017 |

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

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

1. Mr. Ness N. Wadia

Mr. Ness N. Wadia, 39, was inducted on the Company's Board in March 1997. He has been conferred with the degree of M.Sc. in Engineering Business Management (Warwick University, U.K.).

Mr. Ness N. Wadia has a long association of almost 18 years with The Bombay Dyeing & Mfg. Co. Ltd. (BDMC). Initially he was a Management Trainee and on completion of his training, was appointed as Deputy Manager of the textile mill of BDMC. He took over in due course as Product Manager and thereafter as Marketing Manager of BDMC. He was closely involved in Manufacturing, Marketing, HR Projects and Retail Distribution of the Textile Division of BDMC. Mr. Ness N. Wadia was the Jt. Managing Director of BDMC upto March 31, 2011, and was thereafter appointed as Managing Director of The Bombay Burmah Trading Corporation Ltd. w.e.f. April 1, 2011.

Mr. Ness N. Wadia was awarded the Rotary Medal of Honour for Bravery in 1980-81.

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

Other Directorships: The Bombay Dyeing & Mfg. Co. Ltd., Gherzi Eastern Ltd., Virtual Education Network Pvt. Ltd., Proline India Ltd., Go Airlines (India) Ltd., KPH Dreams Cricket Pvt. Ltd., Britannia Industries Ltd., The Bombay Burmah Trading Corporation Ltd. (Managing Director), Go Investments & Trading Ltd.

Committee Memberships: Finance Committee of The Bombay Dyeing & Mfg. Co. Ltd.

2. Mr. Nityanath Ghanekar

Mr. Nityanath Ghanekar, 65, is a fellow member of the Institute of Chartered Accountants of India. He was a Partner with PricewaterhouseCoopers and Ernst & Young till 2007. He was Managing Director of JM Financial Asset Management Pvt. Ltd. till June 2009.

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

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

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

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

Other Directorships: LIC Nomura Mutual Fund Trustee Company Pvt. Ltd., Orbis Capital Limited and Orbis Financial Corporation Ltd.

Committee Memberships: Audit Committee and Remuneration Committee of Orbis Financial Corporation Ltd.

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, 27th April, 2011



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 Nos. 5 & 6 of the accompanying Notice of the Annual General Meeting, dated 27th April, 2011:

Item No. 5

Mr. R. N. Sethna 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. R. N. Sethna at this meeting or any adjournment thereof.

None of the Directors, other than Mr. R. N. Sethna, may be considered to be concerned or interested in the said Resolution.

The Directors commend the Resolution at Item No. 5 for approval by the Members.

Item No. 6

Mr. Nityanath Ghanekar was appointed as an Additional Director on the Board of the Company with effect from 27th April, 2011, pursuant to Section 260 of the Companies

Act, 1956 ("the Act"), read with Article 137 of the Articles of Association of the Company. Mr. Ghanekar holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Act, from a Member, proposing Mr. Ghanekar as a Director of the Company along with a deposit of ₹ 500/- which will be refunded to such Member, if Mr. Ghanekar is elected as a Director.

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

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

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, 27th April, 2011

GREEN INITIATIVE

Regarding Service of Documents to Shareholders by e-mail

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

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

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

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

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

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

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

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

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

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

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, 2011.

1. FINANCIAL RESULTS

| | For the year ended 31st March, 2011 (₹ in lacs) | For the year ended 31st March, 2010 (₹ in lacs) |
|---|---|---|
| Gross Turnover (net of excise) | <u>18,163.11</u> | <u>12,190.56</u> |
| Profit before Interest & Depreciation | 9,511.06 | 3,364.04 |
| Less: Interest | 75.84 | 127.40 |
| Profit before Depreciation | <u>9,435.22</u> | <u>3,236.64</u> |
| Less: Depreciation | 840.96 | 830.83 |
| Profit before Tax | 8,594.26 | 2,405.81 |
| Less: Provision for Tax: | | |
| – Current Tax | 2,872.00 | 825.00 |
| – Deferred Tax | (66.00) | (39.29) |
| – Excess provision of Taxes for prior years | (4.01) | — |
| Profit after Tax | <u>5,792.27</u> | <u>1,620.10</u> |
| Balance brought forward from previous year | 5,646.45 | 4,861.22 |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | <u>11,438.72</u> | <u>6,481.32</u> |
| Appropriations: | | |
| Proposed Dividend | 689.64 | 574.70 |
| Corporate Dividend Tax | 91.79 | 97.67 |
| Transfer to General Reserve | 579.50 | 162.50 |
| Balance carried to Balance Sheet | <u>10,077.79</u> | <u>5,646.45</u> |
| | <u>11,438.72</u> | <u>6,481.32</u> |

YEAR IN RETROSPECT

The gross sales and other income for the year under review were ₹ 18,488 lacs as against ₹ 12,251 lacs for the previous year registering an increase of 51%. The profit before tax was ₹ 8,594 lacs (after interest and depreciation charges of ₹ 917 lacs) and the profit after tax was ₹ 5,792 lacs for the year under review as against ₹ 2,406 lacs and ₹ 1,620 lacs respectively, for the previous year, both up by 257%.

The Company deferred the annual shutdown to April 2011 to coincide with the shutdown required for expansion. This along with a buoyant market enabled the Company to achieve a record profit during the year.

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of ₹ 12/- per equity share of ₹ 10/- each for the year ended 31st March, 2011 to be paid, if declared by the members at the Annual General Meeting to be held on 8th August, 2011.

3. OPERATIONS

During the year under review, the Company produced 71,826 MT of Hydrogen Peroxide (H₂O₂), as compared to 64,451 MT during the previous year. This is the highest ever production in the history of the Company.

The Company's record sales of 66,806 MT of H₂O₂, during the year under review, show an improvement over the 65,662 MT sold during the previous year. The higher demand in the market enabled better prices for H₂O₂, resulting in increased profits for the year. The Company continues to maintain its prime position in the market and held 36% market share during the year.

3.92 Million Cubic Meters (MCM) of Hydrogen Gas (H₂) were also sold during the year, as against 4.04 MCM during the previous year. Sales of H₂ were marginally lower as compared to the previous year, due to higher captive consumption.

During the year, the Company received ₹ 133.88 lacs by way of dividend from its wholly owned subsidiary, Naperol Investments Ltd., which is of non-recurring nature. Since the Company became debt free, a large quantum of cash surplus was available and the same was invested in Fixed Deposit, ICD and Debt-linked Mutual Funds. The interest & dividend income on account of such investments amounts to ₹ 127 lacs. As a result the other income of the Company was ₹ 325 lacs as against ₹ 60 lacs in previous year. The Profit After Tax increased from ₹ 1,620 lacs to ₹ 5,792 lacs.

During the year, the Company's expansion project from 68 KTPA to 84 KTPA made great strides. The Company has undertaken the shutdown of the plant on 11th April, 2011 to integrate the additional capacity. The shutdown is expected to be for a period of 50 days and the plant is expected to come back on stream by 1st June, 2011. The stock of Hydrogen Peroxide increased by 5,020 MT during the year, to meet the requirements of the customers during this shutdown period.



National Peroxide Limited

As a result of growing demand, the Company decided to further increase its production capacity to 95 KTPA. The increased capacity is expected to be available by April 2013.

The price of crude oil had risen significantly by the end of the year. However, since your Company has a long term Gas Sale Agreement entered with GAIL (India) Ltd., it had a marginal impact on the cost of production.

The Company entered into a long term settlement with the Workmen's Union on 3rd November, 2010 which will expire on 31st March, 2013. Industrial relations continued to be cordial during the year.

4. AWARDS AND RECOGNITION

The Company received the following awards during the year 2010-11:

(a) *'National Energy Conservation Award'*

First Prize in Energy Conservation in the Chemical Sector for the year 2010 awarded by Government of India, Ministry of Power.

(b) *'Excellence in Energy Conservation and Management'*

Certificate of Merit conferred by Indian Chemical Council towards excellence in energy conservation and management for the year 2009.

(c) *'Certificate of Excellence'*

Certificate of Excellence awarded by Inc. India 500, a 9.9 Media Initiative, during their Second Annual Inc. India 500 Awards, in recognition of exemplary growth and sustainable success.

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, 2011. The Company does not accept fresh deposits at present.

7. DIRECTORS

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

Mr. R. N. Sethna, who has been associated with the Company since 2003, 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. Sethna 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.

Mr. Nityanath Ghanekar was appointed as Additional Director, w.e.f. 27th April, 2011. He holds office upto the date of the ensuing Annual General Meeting. A Notice has been received in writing from a member proposing his appointment as Director. Mr. Ghanekar, with his experience and knowledge, would be an advantage to the Company.

Mr. P. V. Kuppuswamy vacated the post of Chairman of the Board of Directors of the Company w.e.f. 27th April, 2011. He, however, continues to be a Director of the Company. The Directors wish to place on record their appreciation of the valuable service rendered by him to the Company, as Chairman. Mr. Ness N. Wadia has been elected as the Chairman of the Board, w.e.f. 27th April, 2011.

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, 2011 and of the profit of the Company for the year ended 31st March, 2011;
- 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. CORPORATE SOCIAL RESPONSIBILITY

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

13. 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.

14. 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.

15. 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.

16. 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.

17. COST AUDITORS

The Company had appointed M/s. N. I. Mehta & Co., Cost Accountants, as the Cost Auditors to carry out the audit of the cost accounts of the Company relating to industrial gases for the financial year ended on 31st March, 2011. The Cost Audit Report for 2009-10 was filed on 16th September, 2010, before the due date of 27th September, 2010.

18. ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Registered Office:

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

Mumbai, 27th April, 2011



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

A. CONSERVATION OF ENERGY

(a) Measures Taken:

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

- Replaced old H.T. cooling water pump with new energy efficient pump.
- Replaced old Package Air-Conditioner (PAC) unit for Control Room with new energy efficient PAC unit.
- Replaced old window Air-Conditioner units with 3 Star Rating units.
- Replaced 6 units of 70 watt Sodium Vapour street light fittings with 24 watt LED light fittings for Administration Building.

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 ₹ 14.50 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

| | 2010-11 | 2009-10 |
|--|-------------|----------------|
| 1. Electricity | | |
| a. Purchased: | | |
| Units (KWH) | 2,74,33,200 | 2,46,96,150 |
| Total Amount (₹ lacs) | 1,518.70 | 1,238.61 |
| Rate/Unit (₹/KWH) | 5.54 | 5.02 |
| b. Own Generation: | | |
| (i) Through diesel generator Units (KWH) | 27,400 | 10,976 |
| Units/litre of diesel oil (KWH) | 2.91 | 3.05 |
| Cost of diesel/Unit (₹/KWH) | 13.67 | 12.95 |
| (ii) Through steam turbine/ generator | | Not Applicable |
| 2. Coal | | Not Applicable |
| 3a. Furnace Oil | | |
| Quantity (MT) | 85.20 | 971.66 |
| Total amount (₹ lacs) | 22.73 | 214.87 |
| Average rate (₹/MT) | 26,686.18 | 22,114.06 |
| 3b. Natural Gas | | |
| Quantity (MMBTU) | 92,598.00 | 43,689.33 |
| Total amount (₹ lacs) | 351.87 | 155.76 |
| Average rate (₹/MMBTU) | 380.00 | 356.52 |
| 4. Other/Internal Generation | | Not Applicable |

B. CONSUMPTION PER UNIT OF PRODUCTION

| | 2010-11 | 2009-10 |
|----------------------------|---------|---------|
| 1. Electricity (KWH/MT) | 369.61 | 369.61 |
| 2a. Furnace Oil (KG/MT) | 1.18 | 15.00* |
| 2b. Natural Gas (MMBTU/MT) | 1.25 | 0.67* |

* The boiler was operated for part of the year on Furnace Oil and part on Natural Gas. The consumption for each fuel is calculated on annual production. The equivalent fuel oil specific consumption on gross calorific value basis for 2009-10 & 2010-11 works out to 31.68 KG of Fuel Oil/MT & 31.86 KG of Fuel Oil/MT, respectively.

B. TECHNOLOGY ABSORPTION

FORM B

I. Research and Development

1. Specific Areas:

Our developmental efforts consisted of the following:

- Process improvements in Hydrogen Peroxide and Sodium Perborate manufacturing.
- Improvement of effluent treatment process by plug flow reactor & sludge activation process (AS+ Process) followed by filtration system was installed and commissioned.

2. Benefits Derived:

- Higher productivity from the plant.
- Improvement in Chemistry & Productivity of Working Solution.
- Better control of effluent quality & better utilization of existing assets for higher loads.

3. Plan of Action:

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

- Developing process design and carrying out engineering for Phase III expansion of Hydrogen Plant & Hydrogen Peroxide Plant to 95KTPA.
- Recycling of treated effluent back to process.
- Reduction in water usage & chemical usage in water treatment plant by replacing conventional demineralisation.

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:

- Process Design of equipments for expansion of Hydrogen & Hydrogen Peroxide Plant;
- Improvement in Effluent Treatment plant;
- Stabilisation of ERP Info LN system;
- Stabilisation of Cooling Tower operations using 3D Trasar system.

2. Benefits Derived:

- In-house designing of project & training of man power for technology & projects;
- Reduction in effluent load to overcome the locational issues;
- Optimum efficiency of heat exchanger.



C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports:

During 2010-11, the Company exported 172 MT of Hydrogen Peroxide.

(b) Total Foreign Exchange used and earned:

| | | |
|---|---|-----------------|
| Export Sales (FOB) | : | ₹ 35.85 lacs |
| Foreign exchange outgo (includes raw materials, spare parts, capital goods and other expenditure in foreign currency including dividends) | : | ₹ 1,082.28 lacs |

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Mumbai, 27th April, 2011

ANNEXURE – B

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

Governments in Cancun, Mexico, have chosen hope over fear and put the building blocks back in place for a global deal to combat climate change. For the first time in years, governments put aside some major differences and compromised to reach a climate agreement.

Some of the major parts of work that will need to be followed are:

- On the key issue of climate finance, Governments established a fund to deliver the billions needed for the developing world to deal with climate change and stop deforestation. But they did not establish any way of providing that money.
- Another major decision on the table in Cancun deals with a mechanism that will protect tropical forests while safeguarding indigenous peoples' rights and biodiversity. The REDD agreement sidesteps some critical parts that must be defined and strengthened over the coming months.
- Governments not only acknowledged the gap between their current weak pledges to cut greenhouse gas emissions and where they need to get to, they actually stated that cuts needed to be in line with the science – 25 to 40 percent cuts by 2020 – and that they need to keep global temperature rise below two degrees.

So they have recognised the scale of the problem, now they need a deal to match. That deal needs to be struck by December 2011 in Durban, South Africa for COP17. (Source: Greenpeace International – Feature Story – December 11, 2010)

The National Plan on Climate Change was released by the Honourable Prime Minister of India in June 2008. This Action Plan outlines Eight Missions including National Mission on Enhanced Energy Efficiency (NMEEE). Under this mission a market mechanism namely Perform, Achieve & Trade is being created. This mechanism is presently applicable to 714 Designated Consumers (DC) under the Energy Conservation Act, 2001. At present from the Chemical Industry, only Chlor Alkali and Fertilizer industries are covered. The targets for designated consumers are to be achieved in 3 year period from the date of notification by Government of India which is expected to be issued shortly. However, being a forward looking Company, your Company has been working on its own to meet the national goals on a voluntary basis.

The climate change policy of the Company is based on:

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

During 2010-11, the Company continued to carry out the accounting of its Greenhouse Gas (GHG) emissions, also known as carbon foot print i.e. assessment and inventorization of GHG emissions. The project boundary was limited to the Company's plant at Kalyan. The GHG emissions of the Company are given below:

| SCOPE | FY 09-10 TON CO ₂ /YEAR | | | FY 10-11 TON CO ₂ /YEAR | | |
|-------|---------------------------------------|----------|---------|---------------------------------------|----------|--------|
| | H ₂ Plant | AO Plant | Total | H ₂ Plant | AO Plant | Total |
| 1 | 23,125 | 5,774 | 28,899 | 25,579 | 5,294 | 30,874 |
| 2 | 1,625 | 18,225 | 19,850 | 1,750 | 20,253 | 22,003 |
| 3 | 113 | *6,858 | *6,971 | 216 | 7,035 | 7,251 |
| Total | 24,863 | *30,857 | *55,720 | 27,545 | 32,583 | 60,128 |

| PRODUCTION | FY 09-10 | FY 10-11 |
|--|--------------------------------|-------------------------------|
| H ₂ O ₂ (50%) | 64,451 MT | 72,140 MT |
| H ₂ | 26.411 Million NM ³ | 29.08 Million NM ³ |
| GHG Intensity of H ₂ O ₂ (50%) | *809 Kg/MT | 787 Kg/MT |

* Scope 3 Emission figures corrected towards correction of Tanker Travel Distance in case of "Bulk Hydrogen Peroxide Transport" for year 2009-10.

Out of GHG intensity of 787 Kg/MT of H₂O₂ in 2010-11, 33.6% is accounted by Hydrogen production alone. However, benchmarking of GHG intensity for Hydrogen Peroxide is not possible due to non-availability of data of other producers. In case of some of the Hydrogen Peroxide plants, Hydrogen is available as a by-product from Caustic-Chlorine plants. Hence the Company has separated its GHG emissions for Hydrogen and Hydrogen Peroxide production.

Emission Reductions Target and Abatement Measures

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

| Sr. Nos. | Scheme Implemented | CO ₂ Emission Reduction (MT) | CO ₂ Emission Reduction (Kg/MT) |
|----------|---|---|--|
| 1 | Replacing old HT Cooling Tower Pump by new Energy Efficient Pump | 29.40 | 0.408 |
| 2 | Replacing Old Package Air-Conditioner (PAC) Unit of Control Room by New Energy Efficient PAC Unit | 52.60 | 0.729 |
| 3 | Replacing 6 units of 70 Watt Sodium Vapour Street Light Fittings by 24 Watt LED Light Fittings | 1.70 | 0.024 |
| 4 | Replacing Old Window Air-Conditioner Units with 3 Star Rating Units | 2.92 | 0.041 |

Also, due to use of Natural Gas as Boiler Fuel for full year instead of Furnace Oil, the Emission level has come down by 16 Kg/MT of H₂O₂ over the CO₂ emission level of year 2009-10.

Ozone Depleting Substances (ODS) and SOx, NOx Emissions

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

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

Mumbai, 27th April, 2011



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

There are currently four companies which manufacture Hydrogen Peroxide in India. National Peroxide Limited continues to be the largest producer of Hydrogen Peroxide in the country with a market share of 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.

The Company's project to expand its capacity to 84 KTPA is at an advanced stage and the increased capacity is expected to be available by June 2011. Another competitor's additional capacity of 28 KTPA is also expected to be available by June 2011. The total production capacity in the Country, during 2011-12 is estimated to increase to 202 KTPA on an annualized basis. The domestic demand is expected to grow by 7% p.a. during 2011-12. This will result in the domestic demand being fully met from local producers.

OPPORTUNITIES AND THREATS

A Key Raw Material - Natural Gas an input for production of Hydrogen

Natural Gas which became available to the Company from January 1, 2010, was procured on a long term contract basis. The price of this gas will become fully variable with Japanese Crude Cocktail from January 2014 onwards leading to higher prices. The new contracts which are being considered by Petronet LNG Limited, which has a large LNG terminal at Dahej, for supply to other terminals under construction, namely Kochi, are on the basis of a higher linkage than the current contracts.

India's gas consumption is estimated to have been 6.1 billion cubic feet per day (Bcf/D) in 2010. Total Indian gas consumption is projected to grow to 12.5 Bcf/D in 2025.

The Annual Energy Outlook 2011 (AEO 2011), by U.S. Energy Information Administration (EIA), shows growing importance of Natural Gas from shale resources in meeting U.S. energy demand and lowering natural gas prices. The shale gas is expected to contribute to 45% of the U.S. Natural Gas production in due course. As a result of shale gas in U.S. and a large number of LNG plants coming up in other countries, there will be a large scale availability of gas in the international market.

While there are no official estimates of shale gas reserves in India, according to Schlumberger Ltd, India has shale gas reserves of between 300 trillion cubic feet (tcf) to 2,100 tcf. The North-Eastern states and the Cambay basin are thought to have shale reserves.

A number of countries, e.g. Germany, are reassessing their nuclear energy program following the damage caused to nuclear power plants by the recent earthquake and tsunami in Japan. If this leads to a switchover to other fuels for power generation from

nuclear power, it is likely to increase the demand for Natural Gas and consequently its price.

Thus, though there are various factors that may result in increase in demand for Natural Gas across the world, a corresponding increase in supply is also foreseen. However, since the Company is a very small consumer of Natural Gas, there is stability in the supply position for the Company as a result of the long term contract with GAIL (India) Ltd. This together with 100% capacity utilization will improve the Company's competitiveness vis-à-vis other domestic producers as well as international producers.

A Key Customer for Hydrogen Peroxide – Paper Industry

India uses waste paper as a raw material in a large number of its paper mills as natural wood and bamboo is scarce. Almost 33% of India's production is based on waste paper. For its requirements it has to compete with China which has now installed large scale waste paper based plants. Thus, the availability to Indian paper mills has reduced. In addition the price is also highly volatile. This may result in a large scale consolidation as well as closure of small waste paper mills in Northern India, leading to reduction in demand for Hydrogen Peroxide.

Currently, the recovery of waste paper in India is very poor and is estimated at 2%. ITC Ltd. has been making efforts to institutionalize the waste paper collection. If this can be pursued as a national effort, then some improvement in the long term in the availability of waste paper is likely and is certainly a great opportunity. It will also reduce the volatility of waste paper prices.

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

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

Emerging Customer for Hydrogen Peroxide – Environmental Applications

The concern for Environment has also resulted in the use of Hydrogen Peroxide, known as "MR. CLEAN" for environmental application as it leaves environmental friendly residues. Your Company is of the opinion that, in the long term, the Hydrogen Peroxide market will continue to grow. Further, with Hydrogen, our raw material, being seen as the fuel of the future, Hydrogen Peroxide will remain attractive as a product as well.

OUTLOOK

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

Your Company views the outlook of the business with optimism.

RISKS AND CONCERNS

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

The environmental concerns in various parts of the Country had a major impact on the functioning of industries. A number of units in the textile hub of Tirupur have been closed as they are not able to comply with their consent norms. Similarly a number of units which are dependent upon Common Effluent Treatment Plants in Gujarat have been closed for limited duration. Further no expansion was permitted in 43 clusters by Ministry of Environment and Forests as the Comprehensive Environment Pollution Index (CEPI) was beyond the stipulated value. Now, in 13 clusters, expansion has been permitted on certain conditions. The introduction of new technology as well as the time to bring pollution levels under control in highly polluted clusters is expected to reduce the growth of the industry in the near future.

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

The settlement with Maharashtra General Kamgar Union expired on 30th September, 2009. After several rounds of negotiations an amicable settlement was arrived at on 3rd November, 2010. The said Settlement will be valid upto 31st March, 2013. Peace and harmony between employer and employees prevailed during the year. Relations with the Union continued to be cordial.

In order to optimize the contribution of the employees to the Company's business, several training and development programmes for employees at all levels have been conducted. Occupational Health, Safety and Environment Management are given utmost importance. Emphasis was placed on in-house technical training of the employees to upgrade their operating skills. The Company also availed of the benefits of training programs conducted by Rashtriya Chemicals & Fertilizers (RCF) and Indian Chemical Council (ICC). The employee strength on the permanent rolls of the Company was 122, as on 31st March, 2011.

RESOURCES AND LIQUIDITY

The Company did not have any long term borrowing as on 31st March, 2011.

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, 2011 were ₹ 4,019 lacs.

For its next expansion project, the Company plans to borrow ₹ 10 crores. Even with these borrowings, the debt equity ratio of the Company will continue to be highly favourable.

CAUTIONARY STATEMENT:

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

Mumbai, 27th April, 2011



National Peroxide Limited

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

| Name | Designation/ Nature of Duties | Remuneration received (₹) | Qualifications | Experience (Years) | Date of commencement of Employment | Age (Years) | Last Employment held before joining the Company and the period |
|--|-------------------------------------|---------------------------------|--|-----------------------|--|----------------|---|
| (A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN ₹ 60,00,000/-. | | | | | | | |
| Lohokare S. R. | Managing Director | 1,37,15,089 | B.Tech. (Hons.) (Chemical Engg.); P.G.D.I.M.; M.F.M. (Bombay University) | 38 | 29.04.97 | 60 | Vice-President (Nitrite & SDC), Deepak Nitrite Ltd. (4 Years) |
| (B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN ₹ 5,00,000/- PER MONTH. | | | | | | | |
| — NIL — | | | | | | | |

- Notes:
- (1) Nature of employment, whether contractual or otherwise:
The appointment is terminable by 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, 27th April, 2011

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 to the Listing Agreement, a report on Corporate Governance, for the year ended 31st March, 2011, is given below:

1. Company's Philosophy on Code of Governance

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

2. Board of Directors

(a) Composition of the Board

The Board of Directors is headed by a Non-Executive Chairman, Mr. P. V. 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 : 5th May, 2010; 30th July, 2010; 9th November, 2010 and 7th February, 2011. The AGM was held on 30th July, 2010.

(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 | 3 | Yes | 1 | Nil |
| Mr. K. N. Suntook | Independent, Non-Executive | 4 | Yes | 2 | 1 |
| Mr. Ness N. Wadia | Non-Executive | 4 | Yes | 7 | Nil |
| Mr. R. N. Sethna | Independent, Non-Executive | 2 | Yes | 3 | 1 |
| Mr. Rajesh Batra | Independent, Non-Executive | 2 | No | 4 | 1 (Chairman of 1) |
| Mr. J. S. Bilimoria | Independent, Non-Executive | 3 | Yes | 9 | 7 (Chairman of 4) |
| Mr. D. N. Mehta | Non-Executive | 3 | Yes | 4 | 1 |
| 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 Non-Executive Directors, majority of whom are Independent Directors. During the year under review, the Committee met four times, i.e. on 5th May, 2010; 30th July, 2010; 9th November, 2010 and 7th February, 2011. Details of attendance of each member are as follows:

| Sr. Nos. | Name | Number of Audit Committee Meetings attended |
|----------|---------------------------------------|---|
| 1 | Mr. J. S. Bilimoria – <i>Chairman</i> | 3 |
| 2 | Mr. R. N. Sethna | 2 |
| 3 | Mr. P. V. Kuppuswamy | 3 |
| 4 | Mr. K. N. Suntook | 4 |
| 5 | Mr. Rajesh Batra | 2 |
| 6 | Mr. D. N. Mehta | 3 |

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



National Peroxide Limited

performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

(b) Remuneration Committee:

The Remuneration Committee comprises of the following Non-Executive Directors, majority of whom are Independent Directors. During the year under review, the Committee met once on 30th July, 2010. Details of attendance of each member are as follows:

| Sr. Nos. | Name | Number of Remuneration Committee Meetings attended |
|----------|------------------------------------|--|
| 1 | Mr. R. N. Sethna – <i>Chairman</i> | 1 |
| 2 | Mr. P. V. Kuppuswamy | 1 |
| 3 | Mr. K. N. Suntook | 1 |
| 4 | Mr. Rajesh Batra | Nil |

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

Remuneration Policy:

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

A. Details of remuneration paid to the Managing Director during the year 2010-11 are given below:

(Amount in ₹)

| Name | Salary | Benefits * | Commission/Incentive # | Total |
|----------------|-----------|------------|------------------------|-------------|
| S. R. Lohokare | 36,71,250 | 50,08,214 | 50,35,625 | 1,37,15,089 |

* Also includes Company's contribution to Provident and Superannuation Funds, amounting to ₹ 23,50,856/-.

Shown on the basis of year of payment and includes Commission of ₹ 32,00,000/- paid for 2009-10.

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 Executive Director/s or to the employees.

B. Details of payment made to Non-Executive Directors during the year 2010-11 and their shareholding in the Company, as on 31st March, 2011, are given below:

(Amount in ₹)

| Directors | Sitting Fees | | Commission # | Total | Total no. of shares held |
|----------------------|----------------|--------------------|--------------|-----------|--------------------------|
| | Board Meetings | Committee Meetings | | | |
| Mr. P. V. Kuppuswamy | 30,000 | 41,500 | 9,00,000 | 9,71,500 | 750 |
| Mr. K. N. Suntook | 40,000 | 50,000 | 4,05,000 | 4,95,000 | 0 |
| Mr. Ness N. Wadia | 40,000 | 0 | 1,35,000 | 1,75,000 | 0 |
| Mr. R. N. Sethna | 20,000 | 30,000 | 2,70,000 | 3,20,000 | 0 |
| Mr. Rajesh Batra | 20,000 | 21,000 | 90,000 | 1,31,000 | 0 |
| Mr. J. S. Bilimoria | 30,000 | 30,000 | 90,000 | 1,50,000 | 0 |
| Mr. D. N. Mehta | 30,000 | 30,000 | 1,35,000 | 1,95,000 | 0 |
| Mr. A. K. Hirjee* | 0 | 0 | 90,000 | 90,000 | 0 |
| Total: | 2,10,000 | 2,02,500 | 21,15,000 | 25,27,500 | 750 |

Shown on the basis of year of payment

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

During 2010-11, a provision of ₹ 88.29 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 2010-11.

(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 3 times.

Name and designation of Compliance Officer:

Mr. Satish Gaikwad, Company Secretary

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

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

No. of pending complaints : NIL

4. General Body Meetings:

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

| Date & Time | Location | Special Resolution Passed |
|-------------------------------|---|--|
| 30th July, 2010 04.00 p.m. | Walchand Hirachand Hall (4th Floor), IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 | Payment of Commission to Non-Executive Directors |
| 21st July, 2009 04.00 p.m. | M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001. | Nil |
| 23rd July, 2008 12.30 p.m. | M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Rampart Row), Mumbai - 400 001. | Nil |

(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 (2011-12):

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.



National Peroxide Limited

(b) Disclosure of Accounting Treatment

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

(c) Disclosures on Risk Management

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

(d) Code of Conduct

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

(e) Whistle Blower Policy

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

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

6. CEO/CFO Certification:

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

7. Means of Communication:

(a) Quarterly Results:

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under the Listing Agreement with the Bombay Stock Exchange Limited.

(b) Newspapers wherein results normally published:

Business Standard (English) and Mumbai Lakshadeep (Marathi, the regional language).

(c) Any Website, where displayed:

www.naperol.com and www.bseindia.com

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

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

(f) Management Discussion & Analysis Report :

The Management Discussion & Analysis Report forms part of the Annual Report.

8. General Shareholder Information:

(a) AGM:

Date and Time : 8th August, 2011 at 4.00 p.m.
Venue : M.C. Ghia Hall,
Bhogilal Hargovindas Building,
2nd Floor, 18/20, Kaikhushru Dubash Marg
(Rampart Row), Mumbai - 400 001.

(b) Financial Year:

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

Tentative Schedule:

Results for quarter ending June 30, 2011 : By 14th August, 2011
Results for quarter ending September 30, 2011 : By 14th November, 2011
Results for quarter ending December 31, 2011 : By 14th February, 2012
Results for year ending March 31, 2012 : By 30th May, 2012
AGM for year ending March 31, 2012 : By 14th August, 2012

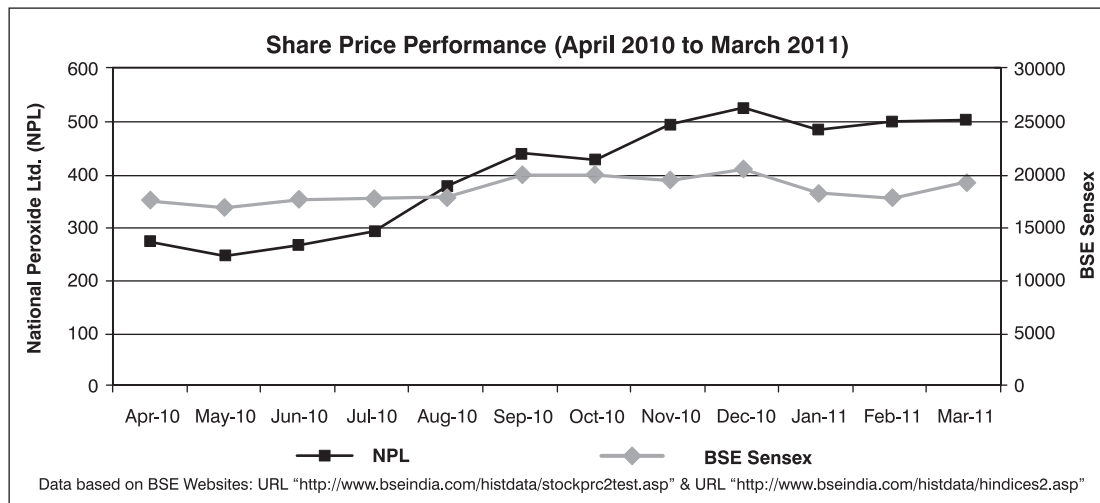
- (c) **Date of Book Closure** : 26th July, 2011 to 8th August, 2011 (both days inclusive)
- (d) **Dividend Payment Date** : On or after 9th August, 2011
- (e) **Listing on Stock Exchange** : The Company's shares are listed on the Bombay Stock Exchange Limited (BSE). The Company has paid the applicable 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 ₹ 10/- per share):

| Month | High (₹) | Low (₹) | No. of Shares | No. of Trades | Net Turnover (₹) |
|----------------|----------|---------|---------------|---------------|------------------|
| April 2010 | 304.20 | 225.00 | 1,60,526 | 3,793 | 4,56,25,978 |
| May 2010 | 278.00 | 235.20 | 46,209 | 1,194 | 1,21,55,088 |
| June 2010 | 274.80 | 238.00 | 57,973 | 1,609 | 1,50,21,886 |
| July 2010 | 318.00 | 264.10 | 4,66,742 | 8,085 | 13,75,75,946 |
| August 2010 | 427.00 | 309.90 | 7,59,745 | 16,650 | 28,50,31,242 |
| September 2010 | 448.80 | 374.60 | 3,90,969 | 10,663 | 16,21,30,975 |
| October 2010 | 479.00 | 420.40 | 2,21,131 | 5,819 | 9,94,17,200 |
| November 2010 | 580.00 | 426.00 | 3,33,356 | 9,646 | 17,40,63,382 |
| December 2010 | 538.00 | 470.05 | 1,64,254 | 4,082 | 8,51,89,369 |
| January 2011 | 565.00 | 485.00 | 88,355 | 2,406 | 4,75,59,023 |
| February 2011 | 541.00 | 460.10 | 91,600 | 3,048 | 4,59,63,221 |
| March 2011 | 532.00 | 471.00 | 74,479 | 1,910 | 3,73,87,181 |

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

(h) Stock Performance:





National Peroxide Limited

(i) Registrar and Transfer Agents:

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

(j) Share Transfer System:

Share transfers in physical form are processed within the prescribed period of 30 days from the date of receipt, in case documents are complete in all respects. 2,350 shares were transferred during the financial year under review through 18 transfers. The Company has authorized certain executives to approve share transfers.

(k) (i) Distribution of Shareholding as on 31st March, 2011:

| Group of shares | | | No. of shareholders | No. of shares held | % age to total shares |
|-----------------|-----|-------|---------------------|--------------------|-----------------------|
| 1 | to | 50 | 2,859 | 81,845 | 1.42 |
| 51 | to | 100 | 1,014 | 90,338 | 1.57 |
| 101 | to | 250 | 3,150 | 4,65,864 | 8.11 |
| 251 | to | 500 | 415 | 1,63,665 | 2.85 |
| 501 | to | 1000 | 226 | 1,72,314 | 3.00 |
| 1001 | to | 5000 | 159 | 3,35,618 | 5.84 |
| 5001 | to | 10000 | 22 | 1,59,881 | 2.78 |
| 10001 | and | above | 19 | 42,77,475 | 74.43 |
| Total: | | | 7,864 | 57,47,000 | 100.00 |

(ii) Category of Shareholders as on 31st March, 2011:

| Category | No. of shares held | % age to total shares |
|--------------------------|--------------------|-----------------------|
| Indian Promoters | 25,28,765 | 44.00 |
| Foreign Promoters | 14,99,250 | 26.09 |
| Banks | 825 | 0.01 |
| Mutual Funds | NIL | NIL |
| Private Corporate Bodies | 2,59,095 | 4.51 |
| Indian Public | 14,41,141 | 25.08 |
| NRI/OCB | 15,573 | 0.27 |
| Clearing Members | 2,351 | 0.04 |
| Total: | 57,47,000 | 100.00 |

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

(l) Dematerialisation of Shares and Liquidity:

66.60% of the outstanding Equity Shares have been dematerialised upto 31st March, 2011. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th May, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI). The trading/liquidity details are given at item 8(g) above.

(m) Share Capital Audit:

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

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

None

(o) In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the year ended 31st March, 2011, a sum of ₹ 86,720/- to the Investor Education and Protection Fund (IEPF).

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

(q) Address for Correspondence:

For Shares held in Physical Form : Sharex Dynamic (India) Pvt. Ltd. at the 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.

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

9. Non-Mandatory Requirements:

(a) Office of the Chairman of the Board:

The Company 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, 27th April, 2011

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, 2011.

For NATIONAL PEROXIDE LIMITED

S. R. LOHOKARE
Managing Director

Mumbai, 27th April, 2011



National Peroxide Limited

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

We have examined the compliance of conditions of Corporate Governance by NATIONAL PEROXIDE LIMITED, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Ltd.

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

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

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

For NILESH SHAH & ASSOCIATES
Company Secretaries

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

Mumbai, 27th April, 2011

AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

1. We have audited the attached Balance Sheet of NATIONAL PEROXIDE LIMITED ("the Company"), as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (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 received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2011 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 27th April, 2011



ANNEXURE TO THE AUDITORS' REPORT

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

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

Annual Report 2010-2011

- (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.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) 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, 2011 on account of any dispute, except as stated below:

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

- (xii) 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.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

Z. F. Billimoria
Partner
Membership No. 42791

Mumbai, 27th April, 2011



National Peroxide Limited

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | ₹ in '000 | ₹ in '000 | As at 31st March, 2010 ₹ in '000 |
|--|----------|-----------|------------------|--|
| (A) SOURCES OF FUNDS: | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| (a) Share Capital..... | 1 | 57,470 | | 57,470 |
| (b) Reserves and Surplus | 2 | 1,230,129 | | 729,045 |
| | | | 1,287,599 | 786,515 |
| LOAN FUNDS | | | | |
| (a) Secured Loans..... | 3 | 88,517 | | — |
| (b) Unsecured Loans..... | 4 | — | | 14,484 |
| | | | 88,517 | 14,484 |
| DEFERRED TAX LIABILITY (NET) | | | 123,850 | 130,450 |
| (Refer Note 4, Schedule 15) | | | | |
| | TOTAL | | <u>1,499,966</u> | <u>931,449</u> |
| (B) APPLICATION OF FUNDS: | | | | |
| FIXED ASSETS | 5 | | | |
| (a) Gross Block..... | | 1,737,665 | | 1,729,083 |
| (b) Less: Depreciation | | 991,724 | | 908,265 |
| (c) Net Block | | | 745,941 | 820,818 |
| (d) Capital Work-in-Progress [Including advances of ₹ 62,850 thousand (Previous year ₹ 2,300 thousand)].... | | | 281,658 | 20,824 |
| INVESTMENTS..... | 6 | | 217,742 | 12,733 |
| CURRENT ASSETS, LOANS AND ADVANCES: | | | | |
| (a) Inventories..... | 7 | 183,949 | | 78,997 |
| (b) Sundry Debtors | 8 | 270,742 | | 174,295 |
| (c) Cash and Bank Balances..... | 9 | 10,153 | | 9,354 |
| (d) Loans and Advances | 10 | 156,263 | | 51,280 |
| | | 621,107 | | 313,926 |
| LESS: CURRENT LIABILITIES AND PROVISIONS: | | | | |
| (a) Liabilities | 11 | 266,907 | | 162,362 |
| (b) Provisions..... | 12 | 99,782 | | 75,407 |
| | | 366,689 | | 237,769 |
| NET CURRENT ASSETS | | | 254,418 | 76,157 |
| MISCELLANEOUS EXPENDITURE: (To the extent not written off or adjusted) | | | | |
| Deferred Revenue Expenditure (Refer Note 5, Schedule 15) | | | 207 | 917 |
| | TOTAL | | <u>1,499,966</u> | <u>931,449</u> |
| Notes to Accounts and Significant Accounting Policies..... | 15 | | | |
| The schedules referred above form an integral part of the balance sheet | | | | |

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY

Chairman

Z. F. Billimoria
Partner

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR

Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | Schedule | ₹ in '000 | ₹ in '000 | 2009-2010 ₹ in '000 |
|---|----------|-----------|-----------|------------------------|
| INCOME: | | | | |
| Gross Sale of Products..... | | 1,995,288 | | 1,317,893 |
| Less: Excise Duty..... | | 178,977 | | 98,837 |
| Net Sales | | | 1,816,311 | 1,219,056 |
| Other Income | 13 | | 32,459 | 6,010 |
| Total Income..... | | | 1,848,770 | 1,225,066 |
| EXPENDITURE: | | | | |
| Manufacturing and Other Expenses | 14 | | 897,664 | 888,662 |
| Interest: | | | | |
| on loans for fixed period..... | | — | | 7,600 |
| on others | | 7,584 | | 5,140 |
| Depreciation | | | 7,584 | 12,740 |
| Total Expenditure | | | 989,344 | 984,485 |
| PROFIT BEFORE TAX | | | 859,426 | 240,581 |
| Less: Provision for Tax: | | | | |
| – Current tax | | | 287,200 | 82,500 |
| – Deferred tax..... | | | (6,600) | (3,929) |
| Add: Excess Provision for Taxes of Prior Years..... | | | (401) | — |
| PROFIT AFTER TAX..... | | | 579,227 | 162,010 |
| Add: Balance brought forward from Previous Year | | | 564,645 | 486,122 |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | | | 1,143,872 | 648,132 |
| Appropriations: | | | | |
| Proposed Dividend..... | | | 68,964 | 57,470 |
| Tax on Dividend | | | 11,454 | 9,767 |
| Additional Tax on Dividend 2009-10 Credit taken (Refer Note 16, Schedule 15) | | | (2,275) | — |
| Transfer to General Reserve..... | | | 57,950 | 16,250 |
| Balance Carried to Balance Sheet | | | 1,007,779 | 564,645 |
| | | | 1,143,872 | 648,132 |
| Basic and Diluted Earnings Per Share (₹)..... | | | 100.79 | 28.19 |
| (Refer Note 10, Schedule 15) | | | | |
| (Face value ₹ 10/-) | | | | |

Notes to Accounts and Significant Accounting Policies..... 15

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

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered AccountantsS. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY

Chairman

Z. F. Billimoria
PartnerS. A. GAIKWAD
Company SecretaryK. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR

Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011



National Peroxide Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

2009-2010
₹ in '000

| | ₹ in '000 | ₹ in '000 |
|---|------------------|------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit Before Tax..... | 859,426 | 240,581 |
| Adjustments for: | | |
| Depreciation..... | 84,096 | 83,083 |
| Interest expense..... | 7,584 | 12,740 |
| Interest income..... | (8,565) | (116) |
| Dividend income..... | (19,158) | (557) |
| Provision for Gratuity..... | 10,226 | (5,302) |
| Provision for Compensated Absences..... | 968 | (1,978) |
| (Profit) / Loss on sale of Fixed Assets..... | (740) | (3,450) |
| Gain on translation of Foreign Currency..... | (179) | — |
| Assets Written Off..... | — | 2,806 |
| Deferred Revenue Expenditure amortised..... | 711 | 932 |
| Operating Profit before Working Capital Changes..... | 934,369 | 328,739 |
| Adjustments for: | | |
| Increase in Debtors..... | (96,447) | (24,875) |
| (Increase) / Decrease in Loans and Advances..... | (107,345) | 789 |
| Increase in term deposits pledged with banks..... | (6,543) | (1,225) |
| (Increase) / Decrease in Inventories..... | (104,952) | 11,730 |
| Increase in Current Liabilities..... | 104,434 | 46,901 |
| CASH GENERATED FROM OPERATIONS..... | 723,516 | 362,059 |
| Less: Taxes paid..... | (284,436) | (84,117) |
| Net Cash from Operating Activities (A)..... | 439,080 | 277,942 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (including Capital work in progress)..... | (270,988) | (45,511) |
| Sale of Fixed Assets..... | 1,675 | 3,450 |
| Interest received..... | 8,565 | 116 |
| Dividend received..... | 19,158 | 557 |
| Purchase of Investments in Mutual Fund..... | (1,304,785) | — |
| Sale of Investments in Mutual Fund..... | 1,099,775 | — |
| Net Cash Used in Investing Activities (B)..... | (446,601) | (41,388) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Repayment of Term Loans..... | — | (97,550) |
| Unsecured Loan from Subsidiary (Net)..... | (14,484) | 1,484 |
| Cash Credit..... | 88,517 | (54,391) |
| Interest paid..... | (7,584) | (12,740) |
| Dividend and Tax on Dividend paid..... | (64,962) | (67,237) |
| Net Cash from / (used) in Financing Activities (C)..... | 1,487 | (230,434) |
| Net Increase in Cash and Cash equivalents (A+B+C)..... | (6,034) | 6,120 |
| Cash and Cash Equivalents – Opening balance..... | 6,341 | 221 |
| Cash and Cash Equivalents – Closing balance..... | 307 | 6,341 |
| Cash and Bank Balances – Closing balance (As per Schedule 9)..... | 10,153 | 9,354 |
| Less: Deposits with Banks (Pledged as Margin Money)..... | 7,768 | 1,225 |
| Less: Unclaimed Dividend..... | 2,078 | 1,788 |
| Cash and Cash Equivalents – Closing balance..... | 307 | 6,341 |
| Notes to Accounts and Significant Accounting Policies – Schedule 15 | | |

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY
Chairman

Z. F. Billimoria
Partner

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR
Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011

SCHEDULES TO THE BALANCE SHEET

| | ₹ in '000 | ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|---|---|------------------|----------------------------------|
| SCHEDULE 1 – SHARE CAPITAL | | | |
| AUTHORISED | | | |
| 25,000,000 Shares of ₹ 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 ₹ 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..... | 164,400 | | 148,150 |
| Add: Transfer from Profit and Loss Account..... | 57,950 | | 16,250 |
| | | <u>222,350</u> | <u>164,400</u> |
| PROFIT AND LOSS ACCOUNT BALANCE | | 1,007,779 | 564,645 |
| | | <u>1,230,129</u> | <u>729,045</u> |



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

As at
31.03.2010
₹ in '000

₹ in '000

SCHEDULE 3 – SECURED LOANS

LOANS AND ADVANCES FROM BANKS

| | | |
|-------------------|---------------|----------|
| Cash Credits..... | 88,517 | — |
| | <u>88,517</u> | <u>—</u> |

FOOTNOTES:

Cash credits from banks are secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.

SCHEDULE 4 – UNSECURED LOANS

Other than Short Term:

| | | |
|--|----------|---------------|
| Inter-corporate Deposits from a Subsidiary | — | 14,484 |
| | <u>—</u> | <u>14,484</u> |

SCHEDULE 5 – FIXED ASSETS

(₹ in '000)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-------------------------|-----------|------------|--------------------------|-----------------|--------------|------------|-----------------|------------------|------------------|
| | Opening as at 1.04.2010 | Additions | Deductions | Closing as at 31.03.2011 | Upto 31.03.2010 | For the year | Deductions | Upto 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| Land : Freehold | 589 | — | — | 589 | — | — | — | — | 589 | 589 |
| Buildings | 59,006 | — | — | 59,006 | 24,599 | 1,868 | — | 26,467 | 32,539 | 34,407 |
| Plant & Machinery and Computers | 1,656,922 | 9,834 | 1,572 | 1,665,184 | 874,061 | 81,760 | 637 | 955,184 | 710,000 | 782,861 |
| Furniture & Fixtures and Office Equipments | 12,566 | 320 | — | 12,886 | 9,605 | 468 | — | 10,073 | 2,813 | 2,961 |
| Total | 1,729,083 | 10,154 | 1,572 | 1,737,665 | 908,265 | 84,096 | 637 | 991,724 | 745,941 | 820,818 |
| Previous Year | 1,765,312 | 36,117 | 72,346 | 1,729,083 | 894,722 | 83,083 | 69,540 | 908,265 | 820,818 | 870,590 |

SCHEDULES TO THE BALANCE SHEET (Contd.)

| | ₹ in '000 | ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|--|-----------|-----------------------------------|----------------------------------|
| SCHEDULE 6 – INVESTMENTS | | | |
| Long Term: | | | |
| Trade Investments (Quoted) at Cost: | | | |
| 2,97,940 Equity Shares of ₹ 10 each fully paid up in The Bombay Dyeing & Manufacturing Co. Ltd..... | 7,802 | | 7,802 |
| 2,50,440 Equity Shares of ₹ 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: | | | |
| 600 Equity Shares of ₹ 2 each fully paid up in Housing Development Finance Corporation Limited | 2 | | 2 |
| 500 Shares of ₹ 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 ₹ 100 each fully paid up | | 2,550 | 2,550 |
| Current Investments (Unquoted) (at cost or market value whichever is lower): | | | |
| Investments in Mutual Funds | | | |
| SBI-SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend | | | |
| 20,488,612.778 (Previous Year NIL) Units of ₹ 10 each | | 205,009 | — |
| | | 217,742 | 12,733 |
| Quoted: | | | |
| Cost | | 10,183 | 10,183 |
| Market Value | | 210,155 | 254,106 |
| Unquoted: | | | |
| Cost | | 2,550 | 2,550 |
| | | Units Acquired during the year | Units Sold during the year |
| (1) SBI – Magnum Insta Cash Fund – Daily Dividend Option | | 1,791,206.231 | 1,791,206.231 |
| (2) SBI – SHF Ultra Short Term Fund – Institutional Plan – Daily Dividend | | 112,733,265.986 | 92,244,653.208 |
| (3) JM High Liquidity Fund Institutional Plan – Daily Dividend (76) | | 6,001,213.067 | 6,001,213.067 |
| (4) JM Money Manager Fund Super Plan – Daily Dividend (169) | | 7,079,629.349 | 7,079,629.349 |
| (5) JM Money Manager Fund Regular Plan – Daily Dividend (167) | | 4,573,628.025 | 4,573,628.025 |
| SCHEDULE 7 – INVENTORIES | | | |
| (at lower of Cost and Net Realisable Value) | | | |
| Stores, Spare Parts, and Packing Materials..... | | 49,281 | 39,312 |
| Raw Materials..... | | 43,416 | 33,336 |
| Finished Products | | 91,252 | 6,349 |
| | | 183,949 | 78,997 |
| SCHEDULE 8 – SUNDRY DEBTORS | | | |
| (Unsecured, considered good) | | | |
| Over six months old | | — | — |
| Others | | 270,742 | 174,295 |
| | | 270,742 | 174,295 |



National Peroxide Limited

SCHEDULES TO THE BALANCE SHEET (Contd.)

As at
31.03.2010
₹ in '000

₹ in '000

SCHEDULE 9 – CASH AND BANK BALANCES

| | | |
|--|---------------|--------------|
| Cash on hand..... | 154 | 77 |
| With Scheduled Banks: | | |
| – on Current Account (Including ₹ 2,078 thousand for unpaid dividend (Previous Year ₹ 1,788 thousand)..... | 2,231 | 8,052 |
| – on Deposit Account (Pledged as Margin Money) | 7,768 | 1,225 |
| | <u>10,153</u> | <u>9,354</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 ₹ Nil, Previous Year ₹ 40 thousand) | 52,528 | 10,610 |
| Intercompany Deposits..... | 50,000 | — |
| Advance Payment of Taxes (net)..... | 11,634 | 13,995 |
| Interest Accrued but not due | 755 | — |
| Sundry Deposits | 24,697 | 21,294 |
| Balances with Excise, Customs, etc..... | 16,649 | 5,381 |
| | <u>156,263</u> | <u>51,280</u> |

SCHEDULE 11 – LIABILITIES

Sundry Creditors (Refer Note 9, Schedule 15)

| | | |
|---|----------------|----------------|
| – Total outstanding dues from Micro, Small and Medium Enterprises.. | 4 | 3 |
| – Total outstanding dues from Creditors other than Micro, Small and Medium Enterprises..... | 253,583 | 146,466 |
| Advance & Deposits received from Customers | 4,347 | 6,939 |
| Other Liabilities | 6,895 | 7,126 |
| Unclaimed Dividends | 2,078 | 1,788 |
| Interest accrued but not due on loan from Subsidiary..... | — | 40 |
| | <u>266,907</u> | <u>162,362</u> |

SCHEDULE 12 – PROVISIONS

| | | |
|---|---------------|---------------|
| Provision for Gratuity | 10,226 | — |
| Provision for Compensated Absences..... | 9,138 | 8,170 |
| Proposed Dividend..... | 68,964 | 57,470 |
| Tax on Dividend | 11,454 | 9,767 |
| | <u>99,782</u> | <u>75,407</u> |

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

| | ₹ in '000 | ₹ in '000 | 2009-2010 ₹ in '000 |
|---|-----------|-----------------|------------------------|
| SCHEDULE 13 – OTHER INCOME | | | |
| Interest on Deposits and Loans – (Gross, inclusive of Tax Deducted at Source ₹ 791 thousand; Previous Year ₹ 24 thousand) | | 8,565 | 116 |
| Dividends (Long Term) | | | |
| On Trade Investments | 1,621 | | 548 |
| From Subsidiary Company | 13,388 | | — |
| Dividends (Current) | | | |
| On Other Investments | 4,149 | | 9 |
| | | <u>19,158</u> | <u>557</u> |
| Profit on Sale of Assets | | 740 | 3,450 |
| Sale of Scrap | | 2,040 | 997 |
| Sundry Receipts | | 803 | 340 |
| Foreign Exchange Fluctuation (Net) | | 1,153 | 550 |
| | | <u>32,459</u> | <u>6,010</u> |
| SCHEDULE 14 – MANUFACTURING AND OTHER EXPENSES | | | |
| CONSUMPTION OF RAW MATERIALS | | 292,104 | 262,400 |
| PAYMENTS TO AND PROVISIONS FOR EMPLOYEES: | | | |
| Salaries, Wages and Other Benefits | 81,979 | | 65,851 |
| Contributions to Provident and Other Funds | 19,090 | | 6,724 |
| Workmen and Staff Welfare Expenses | 11,571 | | 10,531 |
| | | <u>112,640</u> | <u>83,106</u> |
| MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES: | | | |
| Excise Duty (Change in Closing Stock) | 13,835 | | (1,884) |
| Insurance | 3,319 | | 2,714 |
| Rent | 2,188 | | 3,841 |
| Rates and Taxes | 2,064 | | 3,735 |
| Commission and Discount | 3,007 | | 2,760 |
| Packing and Containers | 148,696 | | 137,937 |
| Power, Fuel and Water | 194,845 | | 165,451 |
| Stores and Spare Parts Consumed | 33,842 | | 54,012 |
| Repairs and Maintenance – Buildings | 234 | | 900 |
| Repairs and Maintenance – Machinery | 28,895 | | 30,450 |
| Freight Outward | 103,098 | | 83,053 |
| Sundry Expenses | 32,753 | | 31,201 |
| | | <u>566,776</u> | <u>514,170</u> |
| AUDITORS' REMUNERATION | | | |
| (i) Audit Fees | 700 | | 500 |
| (ii) Other Matters | 375 | | 150 |
| (iii) Out of Pocket Expenses | 19 | | — |
| (iv) Service Tax (Excluding ₹ 111 thousand (Previous Year ₹ 67 thousand) which is claimed as input credit) | — | | — |
| | | <u>1,094</u> | <u>650</u> |
| Assets Written off | | — | 2,806 |
| DEFERRED REVENUE EXPENDITURE – (Written-off) (Refer Note 5, Schedule 15) | | 711 | 932 |
| COMMISSION TO NON-EXECUTIVE DIRECTORS | | 8,829 | 2,558 |
| DIRECTORS SITTING FEES | | 413 | 392 |
| (INCREASE) / DECREASE IN FINISHED PRODUCTS: | | | |
| Opening Stocks | 6,349 | | 27,997 |
| Closing Stocks | 91,252 | | 6,349 |
| | | <u>(84,903)</u> | <u>21,648</u> |
| | | <u>897,664</u> | <u>888,662</u> |



SCHEDULE 15 – NOTES TO THE ACCOUNTS

1. Significant Accounting Policies:

(a) Basis of Accounting:

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

(b) Use of Estimates:

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

(c) Fixed Assets and Depreciation:

• Tangible fixed assets and depreciation

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

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

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

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

(d) Impairment of fixed assets:

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

(e) Deferred Revenue Expenditure:

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

(f) Taxes on Income:

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

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

(g) Investments:

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

(h) Inventory:

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

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

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

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

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

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

(j) Financial Income and Borrowing Cost:

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

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

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

(k) Foreign Currency Transactions:

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

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

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

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

(ii) Long-term Employee Benefits

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

(iii) Defined-contribution plans

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

(iv) Defined-benefit plans

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

(v) Other Employee Benefits

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

(m) Provisions and Contingencies:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on



SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

(n) Cash Flow Statements:

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

(o) Earnings per Share:

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

2. Employee Benefits Obligations

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

| | 2010-11 ₹ in '000 | 2009-10 ₹ in '000 |
|--------------------------------|----------------------|----------------------|
| (i) Provident Fund | 5,095 | 4,196 |
| (ii) Superannuation Fund | 3,385 | 2,904 |
| (iii) ESIC | 36 | 95 |

(b) Details of gratuity plan are as follows:

The amounts recognised in the Balance Sheet are as follows:

| | | |
|---|----------|----------|
| (i) Present value of funded obligations | 45,455 | 32,652 |
| (ii) Fair value of plan assets | (35,229) | (33,435) |

Amounts in the Balance Sheet

| | | |
|-------------------|--------|-----|
| Liabilities | 10,226 | — |
| Assets | — | 783 |

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

| | | |
|---|---------|---------|
| (i) Current service cost | 1,486 | 1,588 |
| (ii) Interest on obligation | 2,486 | 2,179 |
| (iii) Expected return on plan assets | (2,607) | (2,301) |
| (iv) Net actuarial losses / (gains) recognised in year | 6,805 | (2,249) |
| (v) Past service cost | 2,056 | — |
| (vi) Expenses recognized in the Profit and Loss Account | 10,226 | (783) |

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 | 32,652 | 33,774 |
| (ii) Service cost | 1,486 | 1,588 |
| (iii) Interest cost | 2,486 | 2,179 |
| (iv) Actuarial losses / (gains) | 7,007 | (1,938) |
| (v) Past service cost | 2,056 | — |
| (vi) Benefits paid | (232) | (2,951) |
| (vii) Closing defined benefit obligation | 45,455 | 32,652 |

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

| | 2010-11 ₹ in '000 | 2009-10 ₹ 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 | 33,435 | 28,472 |
| (ii) Expected return..... | 2,607 | 2,301 |
| (iii) Actuarial losses / (gains) | 202 | 311 |
| (iv) Contribution by employer | (783) | 5,302 |
| (v) Benefits paid | (232) | (2,951) |
| (vi) Closing fair value of plan assets..... | 35,229 | 33,435 |

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

| | | |
|--|-----|-----|
| (i) Government of India Securities | 22% | 19% |
| (ii) Corporate Bonds..... | 31% | 32% |
| (iii) Special Deposit Scheme | 31% | 33% |
| (iv) Others..... | 16% | 16% |

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

| | | |
|---|------------|------------|
| (i) Discount rate at 31st March..... | 8.10% p.a. | 8.00% p.a. |
| (ii) Expected return on plan assets at 31st March | 8.50% p.a. | 8.50% p.a. |
| (iii) Rate of increase in compensation | | |
| – Management | 9.00% p.a. | 9.00% p.a. |
| – Non-Management | 6.00% p.a. | 6.00% p.a. |
| (iv) Leaving of service | | |
| 21 to 44-age..... | 2.00% p.a. | 2.00% p.a. |
| 45 to 59-age..... | 1.00% p.a. | 1.00% p.a. |

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

| | 2006-07 ₹ in '000 | 2007-08 ₹ in '000 | 2008-09 ₹ in '000 | 2009-10 ₹ in '000 | 2010-11 ₹ in '000 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Defined Benefit Obligation | 23,445 | 27,833 | 33,774 | 32,652 | 45,455 |
| Plan Assets | 21,443 | 24,595 | 28,472 | 33,435 | 35,229 |
| Surplus / (Deficit)..... | (2,002) | (3,238) | (5,302) | 783 | (10,226) |
| Experience Adjustment on Plan Liabilities ... | 739 | 1,210 | 1,720 | 1,294 | 7,297 |
| Experience Adjustment on Plan Assets | 222 | 2,737 | 240 | 311 | 202 |

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 2011-12 is ₹ 1,000 thousand.

| | |
|----------------------------------|----------------------------------|
| As at 31.03.2011 ₹ in '000 | As at 31.03.2010 ₹ 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 ₹ 62,850 thousand (Previous year ₹ 2,300 thousand) | 146,988 | 37,015 |
| (b) Excise Duties – Pending in appeal-matters decided against the Company | 1,150 | 1,150 |



National Peroxide Limited

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

| | As at 31.03.2011 ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|--|----------------------------------|----------------------------------|
| 4. Provision for Deferred Tax: | | |
| The net deferred tax liability as on 31st March, 2011, comprises the following components: | | |
| Deferred tax liability: | | |
| Depreciation on fixed assets | 126,885 | 133,164 |
| Total | <u>126,885</u> | <u>133,164</u> |
| Deferred tax asset: | | |
| Provision for Compensated Absences | (3,035) | (2,714) |
| Total | <u>(3,035)</u> | <u>(2,714)</u> |
| Net deferred tax liability..... | <u>123,850</u> | <u>130,450</u> |

5. Out of the Deferred Revenue Expenditure recognised prior to 1st April 2003, ₹ 711 thousand (Previous Year ₹ 932 thousand) has been charged to the Profit and Loss Account upon payment.

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

| | Nature of Relationship | Nature of Transactions | 31.03.2011 ₹ in '000 | 31.03.2010 ₹ in '000 |
|--|----------------------------|---|-----------------------------------|---|
| (A) Related Parties Naperol Investments Ltd. | Wholly owned Subsidiary | Loan taken: Closing Balance Maximum amount outstanding Loan taken during the year Interest Expense Other Income: Dividend Received | — 14,484 — 277 13,388 | 14,484 14,500 1,500 1,426 — |
| (B) Key Management Personnel Mr. S. R. Lohokare | Managing Director | Remuneration for the year (Refer Note No. 7) | 14,197 | 12,266 |

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

7. **Managerial Remuneration:**

| | 2010-2011 ₹ in '000 | 2009-2010 ₹ in '000 |
|-------------------------------------|------------------------|------------------------|
| To Managing Director | | |
| Salaries and Allowances | 6,481 | 5,558 |
| Performance Bonus / Commission..... | 3,671 | 3,195 |
| Provident and Other Funds..... | 2,478 | 2,157 |
| Monetary Value of Benefits..... | 1,567 | 1,356 |
| Total | <u>14,197</u> | <u>12,266</u> |

Excludes provision for Gratuity and Compensated Absences which are determined on the basis of actuarial valuation done on an overall basis for the Company.

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.**

| | 2010-2011 ₹ in '000 | 2009-2010 ₹ in '000 |
|---|------------------------|------------------------|
| Profit before tax as per Profit and Loss Account..... | 859,426 | 240,581 |
| Add: Remuneration to Managing Director | 14,197 | 12,266 |
| Commission to Directors other than Managing Director | 8,829 | 2,558 |
| Directors' sitting fees..... | 413 | 392 |
| Net Profit under Section 309(5)..... | <u>882,865</u> | <u>255,797</u> |
| (1) Maximum permissible remuneration to the Managing Director @ 5% of the net profits per Section 309(3) of the Companies Act, 1956..... | 44,143 | 12,790 |
| (2) Maximum permissible Commission to Directors other than Managing Director @ 1% of the net profits per Section 309(4) of the Companies Act, 1956..... | 8,829 | 2,558 |

9. (a) The identification of vendors as a "Supplier" under Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of information to the extent provided by the vendors to the company. This has been relied upon by the auditors.

(b) Sundry Creditors include ₹ 4 thousand (Previous Year ₹ 3 thousand) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. There is no principal amount overdue nor any interest has been paid / payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the inquiries made by the Company for this purpose.

10. Earnings Per Share

| | 2010-2011 | 2009-2010 |
|--|-----------|-----------|
| Net profit for the year (₹ in '000)..... | 579,227 | 162,010 |
| Number of equity shares of face value of ₹ 10 each..... | 5,747,000 | 5,747,000 |
| Basic and Diluted Earnings Per Share on the above (₹)..... | 100.79 | 28.19 |

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

| | 2010-2011 | | 2009-2010 | |
|-------------------------------|-----------------------|------------------|-----------------------|------------------|
| | Quantity in Tonnes | ₹ in '000 | Quantity in Tonnes | ₹ in '000 |
| (a) Turnover: | | | | |
| Manufactured Products: | | | | |
| Hydrogen Peroxide (50%)..... | 66,806 | 1,891,523 | 65,662 | 1,203,052 |
| Sodium Perborate..... | 402 | 30,018 | 432 | 31,557 |
| Hydrogen Gas..... | 3.92 MCM | 73,747 | 4.04 MCM | 83,284 |
| | | <u>1,995,288</u> | | <u>1,317,893</u> |
| (b) Raw Materials: | | | | |
| Consumed: | | | | |
| Solvents and Chemicals..... | * | 53,224 | * | 91,078 |
| Naphtha..... | | — | 23 | 542 |
| Natural Gas..... | 570,047 MMBTU | 218,071 | 480,743 MMBTU | 165,054 |
| Others..... | * | 20,809 | * | 5,726 |
| | | <u>292,104</u> | | <u>262,400</u> |

* Comprise dissimilar items which cannot be practicably aggregated.



SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

| | 2010-2011 | | 2009-2010 | |
|---|-----------------------|----------------------------|-----------------------|----------------------------|
| | Quantity in Tonnes | ₹ in '000 | Quantity in Tonnes | ₹ in '000 |
| (c) Stock of Finished Products: | | | | |
| Opening | | | | |
| Hydrogen Peroxide (50%) | 423 | 5,422 | 1,634 | 26,928 |
| Sodium Perborate..... | 23 | 927 | 31 | 1,069 |
| | | <u>6,349</u> | | <u>27,997</u> |
| Closing | | | | |
| Hydrogen Peroxide (50%) | 5,443 | 90,222 | 423 | 5,422 |
| Sodium Perborate..... | 30 | 1,030 | 23 | 927 |
| | | <u>91,252</u> | | <u>6,349</u> |
| | | 2010-2011 | | 2009-2010 |
| | | MT | | MT |
| (d) Licensed Capacity per annum on continuous working basis: | | | | |
| Hydrogen Peroxide (50%) | | 110,000 | | 110,000 |
| Sodium Perborate..... | | 1,500 | | 1,500 |
| Hydrogen (in million NM ³) | | 50.07 | | 50.07 |
| Installed Capacity per annum on continuous working basis: (As certified by the Managing Director but not verified by Auditors, as this is a technical matter) | | | | |
| Hydrogen Peroxide (50%) | | 72,000 | | 65,000 |
| Sodium Perborate..... | | 1,500 | | 1,500 |
| Hydrogen (in million NM ³) | | 30.00 | | 30.00 |
| Production: | | | | |
| Hydrogen Peroxide (50%) | | 71,826 | | 64,451 |
| Sodium Perborate..... | | 409 | | 424 |
| Hydrogen | | 29,076,642 NM ³ | | 26,410,859 NM ³ |
| (For Captive Consumption 25,984,286 NM ³ , Previous Year 23,182,235 NM ³) | | | | |
| | | (₹ in '000) | | (₹ in '000) |
| (e) Imports on C.I.F. Basis: | | | | |
| Raw Materials | | 58,854 | | 82,483 |
| Stores and Spare parts..... | | 587 | | 4,830 |
| Capital Goods | | 33,728 | | 5,905 |
| (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: | | | | |
| | 2010-2011 | | 2009-2010 | |
| | ₹ in '000 | % | ₹ in '000 | % |
| Raw Materials | | | | |
| Directly imported..... | 61,463 | 21 | 74,995 | 29 |
| Indigenously obtained | 230,641 | 79 | 187,405 | 71 |
| | <u>292,104</u> | <u>100</u> | <u>262,400</u> | <u>100</u> |
| Components, Stores and Spare Parts | | | | |
| Directly imported..... | 330 | 1 | 1,191 | 2 |
| Indigenously obtained | 33,512 | 99 | 52,821 | 98 |
| | <u>33,842</u> | <u>100</u> | <u>54,012</u> | <u>100</u> |

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

SCHEDULE 15 – NOTES TO THE ACCOUNTS (Contd.)

| | 2010-2011 ₹ in '000 | 2009-2010 ₹ in '000 |
|--|------------------------|------------------------|
| (g) Expenditure in Foreign Currency: | | |
| Membership & Subscription | 205 | 217 |
| Foreign Travel..... | 429 | 308 |
| | 2010-2011 | 2009-2010 |
| (h) Details of dividend remitted during the year in foreign currency: | | |
| Amount remitted (₹ in '000) | 14,425 | 14,425 |
| 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 | 2009-10 | 2008-09 |
| | ₹ in '000 | ₹ in '000 |
| (i) FOB value of export: | | |
| Hydrogen Peroxide..... | 3,585 | 2,327 |

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 are not applicable.

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 | 2010-11 | | 2009-10 | |
|------------------------------|-------------|--------------|-------------|--------------|
| | (₹ in '000) | (Fx in '000) | (₹ in '000) | (Fx in '000) |
| Import of goods and services | 6,928 | USD 157 | 11,464 | USD 251 |
| | 7,436 | EUR 117 | — | — |

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

14. Sundry expenses include an amount of ₹ Nil (previous year – ₹ 83 thousand) paid to a firm in which partners of the audit firm are partners.

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

| | As at 31.03.2011 (₹ in '000) | As at 31.03.2010 (₹ in '000) |
|--|------------------------------------|------------------------------------|
| (a) Total of minimum lease payments for a period: | | |
| – Not later than one year | 1,344 | 1,204 |
| – Later than one year but not later than five years | 2,883 | 2,041 |
| – Later than five years..... | — | — |
| (b) Lease payments recognised in the Profit and Loss Account for the year..... | 1,076 | 939 |

16. Additional Tax on dividend 2009-10 credit taken, ₹ 2,275 thousand (Previous Year ₹ Nil), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O)(1A) of the Income Tax Act, 1961.

17. 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.)

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

(In terms of amendment to Schedule VI Part IV)

I. Registration Details

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

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

| | | | | | | | | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|--------------|---|---|---|---|---|---|---|
| Total Liabilities | 1 | 4 | 9 | 9 | 9 | 6 | 6 | Total Assets | 1 | 4 | 9 | 9 | 9 | 6 | 6 |
|-------------------|---|---|---|---|---|---|---|--------------|---|---|---|---|---|---|---|

Source of Funds

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

Application of Funds

| | | | | | | | | | | | | | | | |
|---------------------|---|---|---|---|---|---|---|---------------------------|--|---|---|---|---|---|---|
| Net Fixed Assets | 1 | 0 | 2 | 7 | 5 | 9 | 9 | Investments | | 2 | 1 | 7 | 7 | 4 | 2 |
| Net Current Assets | | 2 | 5 | 4 | 4 | 1 | 8 | Miscellaneous Expenditure | | | | | 2 | 0 | 7 |
| Accumulated Profits | 1 | 0 | 0 | 7 | 7 | 7 | 9 | | | | | | | | |

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

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

P. V. KUPPUSWAMY *Chairman*

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR } *Directors*

S. A. GAIKWAD
Company Secretary

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, 2011 |
| 3. Holding Company's Interest: | |
| Equity Capital: | |
| Number of Shares of ₹ 100 each | 25,500 |
| Extent of Holding | 100% |
| Redeemable Preference Share Capital: | |
| Number of Shares | — |
| Extent of Holding | — |
| 4. The net aggregate of Profit/(Loss) of the Subsidiary Companies in so far as it concerns the members of the Holding Company: | |
| (a) Not dealt with in the accounts of the Company for the year ended 31st March, 2011: | |
| (1) For the Subsidiary's financial year ended as in 2 above..... | Profit: ₹ 33.30 lacs |
| (2) For the previous financial years of the Subsidiary | Profit: ₹ 18.88 lacs |
| (b) Dealt with in the accounts of the Company for the year ended 31st March, 2011: | |
| (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*

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA

Directors

S. A. GAIKWAD
Company Secretary

D. N. MEHTA
N. P. GHANEKAR

Mumbai, 27th April, 2011

AUDITORS' REPORT

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

- We have audited the attached Consolidated Balance Sheet of NATIONAL PEROXIDE LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitutes "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 14,888 thousand as at 31st March, 2011 and total revenues of ₹ 3,169 thousand and net cash inflow amounting ₹ 2,013 thousand for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to amounts included in respect of the subsidiary, is based solely on the report of other auditor.
- We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified under the Companies (Accounting Standard) Rules, 2006.
- Based on our audit and on the consideration of the separate audit report on the individual financial statements of the Company and the aforesaid subsidiary, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011;
 - in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date and
 - in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

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

Mumbai, 27th April, 2011



National Peroxide Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | ₹ in '000 | ₹ in '000 | As at 31st March, 2010 ₹ in '000 |
|--|----------|------------------|------------------|--|
| (A) SOURCES OF FUNDS: | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| (a) Share Capital..... | 1 | 57,470 | | 57,470 |
| (b) Reserves and Surplus | 2 | <u>1,241,955</u> | | <u>751,353</u> |
| | | | 1,299,425 | <u>808,823</u> |
| LOAN FUNDS | | | | |
| Secured Loans..... | 3 | | 88,517 | — |
| DEFERRED TAX LIABILITY (NET) | | | 123,850 | 130,450 |
| (Refer Note 4, Schedule 14) | | | | |
| TOTAL | | | <u>1,511,792</u> | <u>939,273</u> |
| (B) APPLICATION OF FUNDS: | | | | |
| FIXED ASSETS | | | | |
| (a) Gross Block | 4 | 1,737,665 | | 1,729,083 |
| (b) Less: Depreciation | | <u>991,724</u> | | <u>908,265</u> |
| (c) Net Block | | | 745,941 | <u>820,818</u> |
| (d) Capital Work-in-Progress [Including advances of ₹ 62,850 thousand (Previous Year ₹ 2,300 thousand)]..... | | | 281,658 | 20,824 |
| INVESTMENTS..... | 5 | | 215,192 | 10,183 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| (a) Inventories..... | 6 | 195,494 | | 90,542 |
| (b) Sundry Debtors | 7 | 270,742 | | 174,295 |
| (c) Cash and Bank Balances | 8 | 13,495 | | 10,682 |
| (d) Loans and Advances | 9 | <u>156,263</u> | | <u>51,280</u> |
| | | 635,994 | | 326,799 |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | | |
| (a) Liabilities | 10 | 266,935 | | 162,350 |
| (b) Provisions..... | 11 | <u>100,265</u> | | <u>77,918</u> |
| | | 367,200 | | 240,268 |
| NET CURRENT ASSETS | | | 268,794 | 86,531 |
| MISCELLANEOUS EXPENDITURE: | | | | |
| (To the extent not written off or adjusted) | | | | |
| Deferred Revenue Expenditure (Refer Note 5, Schedule 14) | | | 207 | 917 |
| TOTAL | | | <u>1,511,792</u> | <u>939,273</u> |

Notes to Accounts and Significant Accounting Policies..... 14
The schedules referred above form an integral part of the balance sheet

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY Chairman

Z. F. Billimoria
Partner

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR } Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

| | Schedule | ₹ in '000 | ₹ in '000 | 2009-2010 ₹ in '000 |
|--|----------|----------------|------------------|------------------------|
| INCOME: | | | | |
| Gross Sale of Products | | 1,995,288 | | 1,317,893 |
| Less: Excise Duty..... | | <u>178,977</u> | | <u>98,837</u> |
| Net Sales | | | 1,816,311 | 1,219,056 |
| Other Income | 12 | | <u>22,240</u> | <u>6,952</u> |
| Total Income..... | | | <u>1,838,551</u> | <u>1,226,008</u> |
| EXPENDITURE: | | | | |
| Manufacturing and Other Expenses | 13 | | 897,708 | 888,717 |
| Interest: | | | | |
| on loans for fixed period | | — | | 7,600 |
| on others | | <u>7,307</u> | | <u>3,714</u> |
| | | | 7,307 | 11,314 |
| Depreciation | | | <u>84,096</u> | <u>83,083</u> |
| Total Expenditure | | | <u>989,111</u> | <u>983,114</u> |
| PROFIT BEFORE TAX | | | 849,440 | 242,894 |
| Less: Provision for Tax:..... | | | | |
| – Current tax | | | 287,272 | 82,925 |
| – Deferred tax..... | | | <u>(6,600)</u> | <u>(3,929)</u> |
| Add: Excess Provision for Taxes of Prior Years..... | | | <u>(401)</u> | <u>—</u> |
| PROFIT AFTER TAX | | | 569,169 | 163,898 |
| Add : Balance brought forward from Previous Year | | | <u>578,738</u> | <u>501,170</u> |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | | | <u>1,147,907</u> | <u>665,068</u> |
| Appropriations: | | | | |
| Proposed Dividend..... | | | 68,964 | 57,470 |
| Tax on Dividend | | | 11,878 | 12,042 |
| Additional Tax on Dividend 2009-10 Credit taken (Refer Note 11, Schedule 14)..... | | | <u>(2,275)</u> | <u>—</u> |
| Transfer to General Reserve..... | | | 58,284 | 16,440 |
| Transfer to Special Reserve under Section 45 IC of the Reserve Bank of India Act, 1934 | | | 667 | 378 |
| Balance Carried to Balance Sheet | | | <u>1,010,389</u> | <u>578,738</u> |
| | | | <u>1,147,907</u> | <u>665,068</u> |
| Basic and Diluted Earnings Per Share (₹)..... | | | 99.04 | 28.52 |
| (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 | | | | |

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered AccountantsS. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY

Chairman

Z. F. Billimoria
PartnerS. A. GAIKWAD
Company SecretaryK. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR

Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011



National Peroxide Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

| | 2009-10 ₹ in '000 | 2009-10 ₹ in '000 |
|--|----------------------|----------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit Before Tax..... | 849,440 | 242,894 |
| Adjustments for: | | |
| Depreciation..... | 84,096 | 83,083 |
| Interest expense..... | 7,307 | 11,314 |
| Interest income..... | (8,565) | (116) |
| Dividend income..... | (8,939) | (1,499) |
| Provision for Gratuity..... | 10,226 | (5,302) |
| Provision for Compensated Absences..... | 968 | (1,978) |
| (Profit)/Loss on sale of Fixed Assets..... | (740) | (3,450) |
| Gain on translation of Foreign Currency..... | (179) | — |
| Assets Written Off..... | — | 2,806 |
| Deferred Revenue Expenditure amortised..... | 711 | 932 |
| Operating Profit before Working Capital Changes..... | 934,325 | 328,684 |
| Adjustments for: | | |
| Increase in Debtors..... | (96,447) | (24,875) |
| (Increase)/Decrease in Loans and Advances..... | (107,345) | 600 |
| (Increase) in term deposits pledged with banks..... | (9,543) | (1,225) |
| (Increase)/Decrease in Inventories..... | (104,952) | 11,730 |
| Increase in Current Liabilities..... | 104,475 | 46,862 |
| Cash generated from operations..... | 720,513 | 361,776 |
| Less: Taxes paid..... | (284,687) | (84,404) |
| Net Cash from Operating Activities (A)..... | 435,826 | 277,372 |
| B CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (including Capital Work in Progress)..... | (270,988) | (45,511) |
| Sale of Fixed Assets..... | 1,675 | 3,450 |
| Interest received..... | 8,565 | 116 |
| Dividend received..... | 8,939 | 1,499 |
| Purchase of Investment..... | (1,304,785) | — |
| Sale of Investment..... | 1,099,775 | — |
| Net Cash Used in Investing Activities (B)..... | (456,819) | (40,446) |
| C CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Repayment of Term Loans..... | — | (97,550) |
| Cash Credit..... | 88,517 | (54,391) |
| Interest paid..... | (7,307) | (11,314) |
| Dividend and Tax on Dividend paid..... | (67,237) | (67,237) |
| Net Cash from/(used) in Financing Activities (C)..... | 14,263 | (230,492) |
| Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)..... | (6,729) | 6,434 |
| Cash and Cash Equivalents — Opening balance..... | 9,457 | 1,235 |
| Cash and Cash Equivalents — Closing balance..... | 2,728 | 7,669 |
| Cash and Bank Balances — Closing balance (As per Schedule 8)..... | 13,495 | 10,682 |
| Less: Deposits with Banks (Pledged as Margin Money)..... | 10,768 | 1,225 |
| Less: Current Accounts held for Unclaimed Dividends..... | 2,078 | 1,788 |
| Cash and Cash Equivalents — Closing balance..... | 649 | 7,669 |
| Notes to Accounts and Significant Accounting Policies — Schedule 14 | | |

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

S. R. LOHOKARE
Managing Director

P. V. KUPPUSWAMY
Chairman

Z. F. Billimoria
Partner

S. A. GAIKWAD
Company Secretary

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA
D. N. MEHTA
N. P. GHANEKAR
Directors

Mumbai, 27th April, 2011

Mumbai, 27th April, 2011

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

| | ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|---|-----------|----------------------------------|
| SCHEDULE 1 – SHARE CAPITAL | | |
| AUTHORISED | | |
| 25,000,000 Shares of ₹ 10 each..... | 250,000 | 250,000 |
| ISSUED, SUBSCRIBED AND PAID-UP | | |
| 5,747,000 Equity Shares of ₹ 10 each..... | 57,470 | 57,470 |
| Of the above: | | |
| 50,000 Shares allotted as fully paid-up pursuant to a contract without payment being received in cash. | | |
| 4,390,600 Shares allotted as fully paid bonus shares by capitalisation of General Reserve and Securities Premium Account. | | |
| SCHEDULE 2 – RESERVES AND SURPLUS | | |
| CAPITAL REDEMPTION RESERVE | | |
| Balance as per last balance sheet..... | 2 | 2 |
| SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934 | | |
| Balance as per last balance sheet..... | 4,762 | 4,384 |
| Add: Transfer from Profit and Loss Account..... | 667 | 378 |
| | 5,429 | 4,762 |
| GENERAL RESERVE | | |
| Balance as per last account..... | 167,851 | 151,411 |
| Add: Transfer from Profit and Loss Account..... | 58,284 | 16,440 |
| | 226,135 | 167,851 |
| PROFIT AND LOSS ACCOUNT BALANCE | 1,010,389 | 578,738 |
| | 1,241,955 | 751,353 |
| SCHEDULE 3 – SECURED LOANS | | |
| Loans and Advances from Banks : | | |
| Cash Credits | 88,517 | — |
| | 88,517 | — |

FOOT NOTE:

Cash credits from banks are secured by a first charge by way of hypothecation of stocks and book debts and second mortgage of all the Company's immovable properties.



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE 4 – FIXED ASSETS

(₹ in '000)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|-------------------------|---------------|---------------|--------------------------|-----------------|---------------|---------------|-----------------|------------------|-----------------|
| | Opening as at 1.04.2010 | Additions | Deductions | Closing as at 31.03.2011 | Upto 31.03.2010 | For the year | Deductions | Upto 31.03.2011 | As at 31.03.2011 | As at 31.3.2010 |
| Land : Freehold | 589 | — | — | 589 | — | — | — | — | 589 | 589 |
| Buildings | 59,006 | — | — | 59,006 | 24,599 | 1,868 | — | 26,467 | 32,539 | 34,407 |
| Plant & Machinery and Computers | 1,656,922 | 9,834 | 1,572 | 1,665,184 | 874,061 | 81,760 | 637 | 955,184 | 710,000 | 782,861 |
| Furniture, Fixtures and Office Equipments | 12,566 | 320 | — | 12,886 | 9,605 | 468 | — | 10,073 | 2,813 | 2,961 |
| Total | 1,729,083 | 10,154 | 1,572 | 1,737,665 | 908,265 | 84,096 | 637 | 991,724 | 745,941 | 820,818 |
| <i>Previous Year</i> | <i>1,765,312</i> | <i>36,117</i> | <i>72,346</i> | <i>1,729,083</i> | <i>894,722</i> | <i>83,083</i> | <i>69,540</i> | <i>908,265</i> | <i>820,818</i> | <i>870,590</i> |

SCHEDULE 5 – INVESTMENTS

As at
31.03.2010
₹ in '000

Long Term:

Trade Investments (Quoted) at Cost:

| | | |
|---|--------|--------|
| 2,97,940 Equity Shares of ₹ 10 each fully paid up in The Bombay Dyeing & Manufacturing Co. Ltd..... | 7,802 | 7,802 |
| 2,50,440 Equity Shares of ₹ 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:

| | | |
|--|---|---|
| 600 Equity Shares of ₹ 10 each fully paid up in Housing Development Finance Corporation Limited..... | 2 | 2 |
| 500 Shares of ₹ 10 each fully paid up in HDFC Bank Limited..... | 5 | 5 |
| | 7 | 7 |

Current Investments (Unquoted) (at cost or market value whichever is lower):

Investments in Mutual Funds

| | | |
|--|---------|---------|
| SBI-SHF Ultra Short Term Fund – Institutional Plan – Daily Dividend 20,488,612.778 (Previous Year NIL) Units of ₹ 10 each..... | 205,009 | — |
| | 215,192 | 10,183 |
| Market Value..... | 210,155 | 254,106 |

Quoted:

| | | |
|-------------------|---------|---------|
| Cost..... | 10,183 | 10,183 |
| Market Value..... | 210,155 | 254,106 |

| | Units Acquired during the year | Units Sold during the year |
|---|--------------------------------|----------------------------|
| (1) SBI – Magnum Insta Cash Fund – Daily Dividend Option | 1,791,206.231 | 1,791,206.231 |
| (2) SBI – SHF Ultra Short Term Fund – Institutional Plan – Daily Dividend | 112,733,265.986 | 92,244,653.208 |
| (3) JM High Liquidity Fund Institutional Plan – Daily Dividend (76) .. | 6,001,213.067 | 6,001,213.067 |
| (4) JM Money Manager Fund Super Plan – Daily Dividend (169) | 7,079,629.349 | 7,079,629.349 |
| (5) JM Money Manager Fund Regular Plan – Daily Dividend (167) | 4,573,628.025 | 4,573,628.025 |

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (Contd.)

| | ₹ in '000 | ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|--|-----------|----------------|----------------------------------|
| SCHEDULE 6 – INVENTORIES | | | |
| (at lower of cost and net realisable value) | | | |
| Stores, Spare Parts and Packing materials..... | | 49,281 | 39,312 |
| Raw Materials | | 43,416 | 33,336 |
| Finished Products | | 91,252 | 6,349 |
| Stock-in-trade-Shares and Securities..... | | 11,545 | 11,545 |
| | | <u>195,494</u> | <u>90,542</u> |
| SCHEDULE 7 – SUNDRY DEBTORS | | | |
| (Unsecured and considered good) | | | |
| More than six months | | — | — |
| Others | | 270,742 | 174,295 |
| | | <u>270,742</u> | <u>174,295</u> |
| SCHEDULE 8 – CASH AND BANK BALANCES | | | |
| Cash on hand..... | | 158 | 85 |
| With Scheduled Banks : | | | |
| – on Current Account (Including ₹ 2,078 thousand for unpaid dividend (Previous year ₹ 1,788 thousand) | | 2,568 | 9,372 |
| – on Deposit Account (Pledged as Margin Money)..... | | 10,768 | 1,225 |
| | | <u>13,495</u> | <u>10,682</u> |
| SCHEDULE 9 – LOANS AND ADVANCES | | | |
| (Unsecured, considered good) | | | |
| Advances Recoverable in Cash or in Kind or for value to be received... | | 52,529 | 10,610 |
| Intercompany Deposits..... | | 50,000 | — |
| Interest Accrued but not due | | 755 | — |
| Advance Payment of Taxes (net)..... | | 11,634 | 13,995 |
| Sundry Deposits | | 24,697 | 21,294 |
| Balances with Excise, Customs etc..... | | 16,649 | 5,381 |
| | | <u>156,264</u> | <u>51,280</u> |
| SCHEDULE 10 – LIABILITIES | | | |
| Sundry Creditors | | | |
| – Total outstanding dues from Micro Small and Medium Enterprises..... | | 3,595 | — |
| – Total outstanding dues from Creditors other than Micro Enterprises and Small Enterprises | | 250,020 | 146,497 |
| Advance & Deposits received from Customers | | 4,347 | 6,939 |
| Other Liabilities | | 6,895 | 7,126 |
| Unclaimed Dividends | | 2,078 | 1,788 |
| | | <u>266,935</u> | <u>162,350</u> |
| SCHEDULE 11 – PROVISIONS | | | |
| Provision for Gratuity | | 10,226 | — |
| Provision for Compensated Absences | | 9,138 | 8,170 |
| Provision for Income Tax (net of Advance Tax)..... | | 59 | 236 |
| Proposed Dividend..... | | 68,964 | 57,470 |
| Tax on Dividend | | 11,878 | 12,042 |
| | | <u>100,265</u> | <u>77,918</u> |



National Peroxide Limited

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | ₹ in '000 | ₹ in '000 | 2009-2010 ₹ in '000 |
|--|-----------|----------------|------------------------|
| SCHEDULE 12 – OTHER INCOME | | | |
| Interest on Deposits and Loans – (Gross, inclusive of tax deducted at source ₹ 791 thousand; Previous Year ₹ 24 thousand)..... | | 8,565 | 116 |
| Dividends | | | |
| On Trade Investments (Long Term)..... | 1,621 | | 548 |
| On Other Investments (Current)..... | 4,149 | | 9 |
| On Stock in Trade..... | 3,169 | | 942 |
| | | 8,939 | 1,499 |
| Profit on Sale of Assets (Net) | | 740 | 3,450 |
| Insurance Claims | | 2,040 | — |
| Sale of Scrap | | 803 | 997 |
| Sundry Receipts | | 1,153 | 340 |
| Foreign Exchange Fluctuation (Net)..... | | — | 550 |
| | | <u>22,240</u> | <u>6,952</u> |
| SCHEDULE 13 – MANUFACTURING AND OTHER EXPENSES | | | |
| CONSUMPTION OF RAW MATERIALS | | 292,104 | 262,400 |
| PAYMENTS TO AND PROVISIONS FOR EMPLOYEES : | | | |
| Salaries, Wages and Other Benefits | 81,979 | | 65,851 |
| Contributions to Provident and Other Funds | 19,090 | | 6,724 |
| Workmen and Staff Welfare Expenses | 11,571 | | 10,531 |
| | | 112,640 | 83,106 |
| MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES : | | | |
| Excise Duty (Relating to Closing Stock) | 13,835 | | (1,884) |
| Insurance..... | 3,319 | | 2,714 |
| Rent | 2,188 | | 3,841 |
| Rates and Taxes..... | 2,064 | | 3,735 |
| Commission and Discount..... | 3,007 | | 2,760 |
| Packing and Containers..... | 148,696 | | 137,937 |
| Power, Fuel and Water..... | 194,845 | | 165,451 |
| Stores and Spare Parts Consumed..... | 33,842 | | 54,012 |
| Repairs and Maintenance – Buildings..... | 234 | | 900 |
| Repairs and Maintenance – Machinery..... | 28,895 | | 30,450 |
| Freight Outward | 103,098 | | 83,053 |
| Sundry Expenses..... | 32,772 | | 31,229 |
| | | 566,795 | 514,198 |
| Auditors' Remuneration : | | | |
| (i) Audit Fees..... | 725 | | 527 |
| (ii) Other Matters | 375 | | 150 |
| (iii) Out of Pocket Expenses..... | 19 | | — |
| (iv) Service Tax (Excluding ₹ 111 thousand (Previous Year ₹ 67 thousand) which is claimed as input credit) | — | | — |
| | | 1,119 | 677 |
| Assets Written off..... | | — | 2,806 |
| DEFERRED REVENUE EXPENDITURE — (Written-off) (Refer Note 5, Schedule 14) | | 711 | 932 |
| COMMISSION TO NON- EXECUTIVE DIRECTORS | | 8,829 | 2,558 |
| DIRECTORS' SITTING FEES..... | | 413 | 392 |
| (INCREASE)/DECREASE IN FINISHED PRODUCTS : | | | |
| Opening Stocks | 6,349 | | 27,997 |
| Closing Stocks | 91,252 | | 6,349 |
| | | (84,903) | 21,648 |
| Difference in Value of Investments : | | | |
| Opening Stocks | 11,545 | | 11,545 |
| Closing Stocks | 11,545 | | 11,545 |
| | | — | — |
| | | <u>897,708</u> | <u>888,717</u> |

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd.)**SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS****1. Significant Accounting Policies****(a) Basis of Accounting:**

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

(b) Principles of Consolidation:

- (i) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006. The consolidated financial statements relate to National Peroxide Limited ('the Company') and its wholly owned subsidiary company.
- (ii) The subsidiary considered in the financial statements is –

| Name of the Company | Country of Incorporation | % Voting power held |
|---------------------------------|--------------------------|---------------------|
| As at 31.03.2011 and 31.03.2010 | | |
| Naperol Investments Limited | India | 100 |

(c) Use of Estimates:

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

(d) Fixed Assets and Depreciation:

Tangible fixed assets and depreciation

Tangible fixed assets acquired by the 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 ₹ 5,000 are fully depreciated in the year of purchase. Extra shift depreciation is applied to applicable items of plant and machinery for days additional shifts are worked.

(e) Impairment of fixed assets:

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

(f) Deferred Revenue Expenditure:

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



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

(g) Taxes on Income:

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period are capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Investments:

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

(i) Inventory:

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

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

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

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

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

(j) Revenue Recognition:

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

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

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

(k) Financial Income and Borrowing Cost:

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

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

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

(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.

SCHEDULE 14 – NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)**(m) Employee Benefits:****(i) Short-term Employee Benefits**

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

(ii) Long-term Employee Benefits

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

(iii) Defined-contribution plans

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

(iv) Defined-benefit plans

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

(v) Other Employee Benefits

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

(n) Segment Reporting:

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

(o) Provisions and Contingencies:

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

(p) Cash Flow Statements:

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

(q) Earnings per Share:

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



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

| | As at 31.03.2011 ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|---|----------------------------------|----------------------------------|
| 2. Contingent Liabilities: | | |
| (a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for [against which advance paid ₹ 62,850 thousand (Previous year ₹ 2,300 thousand)]..... | 146,988 | 37,015 |
| (b) Excise duties - Pending in appeal-matters decided against the Company..... | 1,150 | 1,150 |
| 3. Employee Benefits Obligations | 2010-11 ₹ in '000 | 2009-10 ₹ 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 | 5,095 | 4,196 |
| (ii) Superannuation Fund | 3,385 | 2,904 |
| (iii) ESIC | 36 | 95 |
| (b) Details of gratuity plan are as follows: | | |
| The amounts recognised in the balance sheet are as follows: | | |
| (i) Present value of funded obligations | 45,455 | 32,652 |
| (ii) Fair value of plan assets | (35,229) | (33,435) |
| Amounts in the Balance Sheet | | |
| Liabilities | (10,226) | — |
| Assets | — | 783 |
| The amounts recognised in the statement of profit and loss are as follows: | | |
| (i) Current service cost..... | 1,486 | 1,588 |
| (ii) Interest on obligation | 2,486 | 2,179 |
| (iii) Expected return on plan assets | (2,607) | (2,301) |
| (iv) Net actuarial losses/(gains) recognised in year | 6,805 | (2,249) |
| (v) Past service cost | 2,056 | — |
| (vi) Expenses recognized in the statement of profit and loss..... | 10,226 | (783) |
| 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 | 32,652 | 33,774 |
| (ii) Service cost | 1,486 | 1,588 |
| (iii) Interest cost | 2,486 | 2,179 |
| (iv) Actuarial losses/(gains) | 7,007 | (1,938) |
| (v) Past service cost | 2,056 | — |
| (vi) Benefits paid | (232) | (2,951) |
| (vii) Closing defined benefit obligation | 45,455 | 32,652 |
| 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 | 33,435 | 28,472 |
| (ii) Expected return | 2,607 | 2,301 |
| (iii) Actuarial losses/(gains) | 202 | 311 |
| (iv) Contribution by employer | (783) | 5,302 |
| (v) Benefits paid | (232) | (2,951) |
| (vi) Closing fair value of plan assets..... | 35,229 | 33,435 |
| The major categories of plan assets as a percentage of total plan assets are as follows: | | |
| Category of Assets | 2010-11 | 2009-10 |
| (i) Government of India Securities | 22% | 19% |
| (ii) Corporate Bonds..... | 31% | 32% |
| (iii) Special Deposit Scheme | 31% | 33% |
| (iv) Others | 16% | 16% |

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

| | 2010-11 | 2009-10 |
|---|------------|------------|
| Principal actuarial assumptions at the balance sheet date are as follows: | | |
| (i) Discount rate at 31st March | 8.10% p.a. | 8.00% p.a. |
| (ii) Expected return on plan assets at 31st March | 8.50% p.a. | 8.50% p.a. |
| (iii) Rate of increase in compensation | | |
| – Management | 9.00% p.a. | 9.00% p.a. |
| – Non-Management..... | 6.00% p.a. | 6.00% p.a. |
| (iv) Leaving of service | | |
| 21 to 44-age..... | 2.00% p.a. | 2.00% p.a. |
| 45 to 59-age..... | 1.00% p.a. | 1.00% p.a. |

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

| | 2006-07 ₹ in '000 | 2007-08 ₹ in '000 | 2008-09 ₹ in '000 | 2009-10 ₹ in '000 | 2010-11 ₹ in '000 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Defined Benefit Obligation | 23,445 | 27,833 | 33,774 | 32,652 | 45,455 |
| Plan Assets | 21,443 | 24,595 | 28,472 | 33,435 | 35,229 |
| Surplus/(Deficit)..... | (2,002) | (3,238) | (5,302) | 783 | (10,226) |
| Experience Adjustment on Plan Liabilities | 739 | 1,210 | 1,720 | 1,294 | 7,297 |
| Experience Adjustment on Plan Assets | 222 | 2,737 | 240 | 311 | 202 |

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

The contribution expected to be made by the Group during the financial year 2011-12 is ₹ 1,000 thousand.

| As at 31.03.2011 ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|----------------------------------|----------------------------------|
|----------------------------------|----------------------------------|

4. Provision for Deferred Tax:

The net deferred tax liability as on 31st March, 2011, comprises the following components:

Deferred tax liability:

| | | |
|---|----------------|----------------|
| Depreciation on fixed assets | 126,885 | 133,164 |
| Total | <u>126,885</u> | <u>133,164</u> |
| Deferred tax asset: | | |
| Provision for Compensated Absences..... | (3,035) | (2,714) |
| Total | <u>(3,035)</u> | <u>(2,714)</u> |
| Net deferred tax liability | <u>123,850</u> | <u>130,450</u> |

5. Out of the Deferred Revenue Expenditure recognised prior to 1st April, 2003, ₹ 711 thousand (Previous Year ₹ 932 thousand) has been charged to the Profit and Loss Account upon payment.

6. Related Party disclosures

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

| Key Management Personnel | Nature of Relationship | Nature of Transactions | 31.03.2011 ₹ in '000 | 31.03.2010 ₹ in '000 |
|--------------------------|------------------------|---------------------------|-------------------------|-------------------------|
| Mr. S. R. Lohokare | Managing Director | Remuneration for the year | 14,197 | 12,266 |



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

7. Segment Information

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

| | 31.03.2011 ₹ in '000 | 31.03.2010 ₹ in '000 |
|---|-------------------------|-------------------------|
| Information about Primary Business Segments | | |
| 1. SEGMENT REVENUE | | |
| Peroxygen | 1,820,307 | 1,220,943 |
| Others | 3,169 | 942 |
| Unallocated | 15,075 | 4,123 |
| Total Revenue | <u>1,838,551</u> | <u>1,226,008</u> |
| 2. SEGMENT RESULTS (Profit before Interest and Tax) | | |
| Peroxygen | 838,548 | 249,198 |
| Others | 3,125 | 887 |
| Unallocated: | | |
| Interest Paid | (7,307) | (11,314) |
| Other Income | 14,335 | 673 |
| Profit/(Loss) on sale of assets | 740 | 3,450 |
| | <u>7,768</u> | <u>(7,191)</u> |
| Profit before Taxes | 849,441 | 242,894 |
| Less: Provision for taxes | (280,271) | (78,996) |
| Profit after Taxes | <u>569,170</u> | <u>163,898</u> |
| 3. OTHER INFORMATION | | |
| (i) SEGMENT ASSETS: | | |
| Peroxygen | 1,637,279 | 1,142,491 |
| Others | 14,888 | 12,873 |
| Unallocated | 226,826 | 24,178 |
| Total | <u>1,878,993</u> | <u>1,179,542</u> |
| (ii) SEGMENT LIABILITIES: | | |
| Peroxygen | 266,907 | 162,323 |
| Others | 28 | 27 |
| Unallocated | 312,632 | 221,757 |
| Total | <u>579,567</u> | <u>384,107</u> |
| (iii) CAPITAL EXPENDITURE: | | |
| Peroxygen | 270,988 | 45,511 |
| Others | — | — |
| Unallocated | — | — |
| Total | <u>270,988</u> | <u>45,511</u> |
| (iv) DEPRECIATION: | | |
| Peroxygen | 84,096 | 83,083 |
| Others | — | — |
| Unallocated | — | — |
| Total | <u>84,096</u> | <u>83,083</u> |
| (v) NON CASH EXPENDITURE OTHER THAN DEPRECIATION: | | |
| Peroxygen | — | — |
| Others | — | — |
| Unallocated | — | 2,806 |
| Total | <u>—</u> | <u>2,806</u> |

Notes:-

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

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

| | 2010-2011 | 2009-2010 |
|--|-----------|-----------|
| a. Net profit for the year (₹ in '000) | 569,169 | 163,898 |
| b. Number of equity shares of face value of ₹ 10 each | 5,747,000 | 5,747,000 |
| c. Basic and Diluted Earnings Per Share on the above (₹) | 99.04 | 28.52 |

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

| | As at 31.03.2011 ₹ in '000 | As at 31.03.2010 ₹ in '000 |
|--|----------------------------------|----------------------------------|
| (a) Total of minimum lease payments for a period: | | |
| – Not later than one year | 1,344 | 1,204 |
| – Later than one year but not later than five years | 2,883 | 2,041 |
| – Later than five years | — | — |
| (b) Lease payments recognised in the statement of Profit and Loss for the year | 1,076 | 939 |

10. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by a derivative instrument, or otherwise are given below.

Amounts payable in foreign currency on account of the following:

| Particulars | 2010-11 | | 2009-10 | |
|------------------------------|-------------|--------------|-------------|--------------|
| | (₹ in '000) | (Fx in '000) | (₹ in '000) | (Fx in '000) |
| Import of goods and services | 6,928 | USD 157 | 11,464 | USD 251 |
| | 7,436 | EUR 117 | — | — |

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

11. Additional Tax on dividend 2009-10 credit taken, ₹ 2,275 thousand (Previous Year ₹ Nil), pertains to the dividend tax paid by the Subsidiary Company on the dividend paid to Company as per Section 115(O)(1A) of the Income Tax Act, 1961.**12. 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
Managing Director

P. V. KUPPUSWAMY

Chairman

K. N. SUNTOOK
NESS N. WADIA
R. N. SETHNA
R. BATRA

Directors

S. A. GAIKWAD
Company Secretary

D. N. MEHTA
N. P. GHANEKAR

Mumbai, 27th April, 2011



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, 2011.

1. FINANCIAL RESULTS

| | For the year ended 31st March, 2011 (₹) | For the year ended 31st March, 2010 (₹) |
|--|--|--|
| Operating Profit for the year | 34,02,332 | 23,12,741 |
| Less : Provision for Tax | 72,000 | 4,25,000 |
| Profit after Tax | 33,30,332 | 18,87,741 |
| Add : Profit brought forward from previous year | 7,06,665 | 1,50,49,630 |
| Profit available for appropriation | 40,36,997 | 1,69,37,371 |
| Appropriations: | | |
| Proposed Dividend | 25,50,000 | 1,33,87,500 |
| Corporate Dividend Tax | 4,23,523 | 22,75,206 |
| Transferred to General Reserve | 3,34,000 | 1,90,000 |
| Transferred to Regulated Reserve Fund (NBFC) | 6,67,000 | 3,78,000 |
| Balance carried to Balance Sheet | 62,474 | 7,06,665 |
| | 40,36,997 | 1,69,37,371 |

2. DIVIDEND

Considering the Company's performance, the Board of Directors recommends a dividend of ₹ 100/- per equity share of ₹ 100/- each for the year ended 31st March, 2011 to be paid, if declared by the members at the forthcoming Annual General Meeting.

3. FIXED DEPOSITS

No deposits from the Public were accepted and were outstanding with the Company during the year ended 31st March, 2011.

4. DIRECTORS

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

Mr. R. S. Gandhi, resigned as Director w.e.f. 28th February, 2011. The Directors wish to place on record their appreciation of the valuable service rendered by Mr. Gandhi during his long tenure as a Director.

Mr. J. C. Bham, who was appointed as an Additional Director w.e.f. 28th February, 2011, resigned w.e.f. 6th April, 2011.

Mr. D. N. Mehta was appointed as an Additional Director, w.e.f. 6th April, 2011. He holds office upto the date of the ensuing Annual General Meeting. Notice has been received in writing from a member proposing his appointment as Director. Mr. Mehta with his experience and knowledge would be an advantage to the Company.

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, 2011 and of the profit of the Company for the year ended 31st March, 2011;
- that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

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

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

7. PARTICULARS OF EMPLOYEES

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

8. AUDITORS

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

9. INTERNAL AUDIT SYSTEM

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

10. COMPLIANCE CERTIFICATE FROM PRACTISING COMPANY SECRETARY

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

On behalf of the Board of Directors

(S. S. KELKAR)
CHAIRMAN

Mumbai, 6th April, 2011

COMPLIANCE CERTIFICATE

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

To,

The Members

NAPEROL INVESTMENTS LIMITED
MUMBAI.

We have examined the necessary registers, records, books and papers of Napierol Investments Limited ('the Company') as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

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

NAPEROL INVESTMENTS LIMITED

- within the meaning of Section 3(1)(iv) of the Act and to delete inconsistent clause(s) in the Articles of Association of the Company.
4. The Board of Directors duly met 4 (four) times for the meetings held on 30.04.2010, 30.07.2010, 09.11.2010, and 28.02.2011 respectively, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
 5. The Company was not required to close and has not closed its Register of Members during the financial year under review and consequently compliance u/s 154 of the Act is not required.
 6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 07th June, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
 7. No Extra Ordinary General Meetings were held during the financial year under review.
 8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to in Section 295 of the Act, during the financial year under review.
 9. The Company has not entered into any Contracts in violation of the provision of Section 297 of the Act during the financial year under review.
 10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
 11. There are no appointments or contracts in respect of holding an office or place of profit within the meaning of Section 314 of the Act and accordingly the Company was not required to obtain any approval from the Board of Directors, Members and the Central Government.
 12. The Company has not issued any duplicate share certificates during the financial year under review.
 13. During the financial year under review:
 - (i) there was no allotment/transfer/transmission of securities;
 - (ii) paid the amount of dividend within statutory time limits and hence the Company has not deposited the amount of declared dividend in a separate Bank Account;
 - (iii) paid the amount of dividend declared within the statutory time limit from the date of declaration of such dividend and hence no warrants were required to be posted to the members;
 - (iv) there are no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and are required to be transferred to Investor Education and Protection Fund;
 - (v) the Company has duly complied with the requirements of Section 217 of the Act.
 14. The Board of Directors of the Company is duly constituted. The appointment of additional director was duly made in compliance with the provisions of the act. There was no further appointment of 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. As explained to us, the Company has not received any amount as security from its employees during the financial year under certification in terms of the provisions of Section 417(1) of the Act.
 33. The Company has no outstanding amount to be deposited with prescribed authorities under the provisions of Section 418 of the Act.

Place : Mumbai
Date : 6th April, 2011

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

Annexure A

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

Place : Mumbai
Date : 6th April, 2011

Annexure B

| Sr. No. | Form No./Return | Filed under Section | Purpose | Date of Filing and SRN No. |
|---------|---|---------------------|--|----------------------------|
| 1. | Form No. 66 (Compliance Certificate) Dtd: 31.03.2010 | 383A | As per Companies (Compliance Certificate) Rules, 2001 | 06.07.2010 P48549356 |
| 2. | Form No. 23AC/23ACA (Annual Accounts) Dtd: 31.03.2010 | 210 | As per requirement of the Act. | 07.07.2010 P48564298 |
| 3. | Form No. 20B (Annual Return) Dtd: 07.06.2010 | 159, 160, 161 | As per requirement of the Act. | 06.08.2010 P49276298 |
| 4. | Form No. 32 Dtd: 28.02.2011 | 303(2) | For Appointment of Mr. Jairaj Bham as Additional Director & Resignation of Mr. Ramesh Gandhi | 12.04.2011 B09826108 |

(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, 2011, 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, 2011;
 - (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, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, April 6, 2011

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 ₹ 14,500,000 were granted to one party. At the year-end, the outstanding balances of loans aggregated ₹ Nil (including interest ₹ Nil) and the maximum amount outstanding during the year amounted to ₹ 14,760,585 (including interest ₹ 276,585).
 - (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, Employees' 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, 2011 on account of any dispute.
- (x) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) During the year covered by our audit, the Company has not entered into any transaction or contracts in respect of shares, securities, debentures and other investments. In respect of investments held by the Company during the year, the securities have been held in its own name.
- (xiii) According to the information and explanations given to us, there have been no guarantees given by the Company for loans taken by others from banks and financial institutions.
- (xiv) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

Abhay D. Desai
Partner
Membership No. 43505

Mumbai, April 6, 2011

NAPEROL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2011**

| | Schedule | ₹ | ₹ | As at 31.03.2010 ₹ |
|---|----------|------------------|-------------------|--------------------------|
| I. SOURCES OF FUNDS : | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| (a) Share Capital | 1 | 2,550,000 | | 2,550,000 |
| (b) Reserves and Surplus | 2 | <u>9,278,067</u> | | <u>8,921,258</u> |
| | | | 11,828,067 | 11,471,258 |
| TOTAL | | | <u>11,828,067</u> | <u>11,471,258</u> |
| II. APPLICATION OF FUNDS : | | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| (a) Stock-in-trade | 3 | 11,545,321 | | 11,545,321 |
| (b) Cash and Bank Balances | 4 | 3,341,505 | | 1,328,201 |
| (c) Loans and Advances | 5 | <u>1,320</u> | | <u>14,524,674</u> |
| | | 14,888,146 | | 27,398,196 |
| LESS : CURRENT LIABILITIES AND PROVISIONS | 6 | <u>3,060,079</u> | | <u>15,926,938</u> |
| NET CURRENT ASSETS | | | 11,828,067 | 11,471,258 |
| TOTAL | | | <u>11,828,067</u> | <u>11,471,258</u> |
| Notes to Accounts | 7 | | | |

As per our report attached.

For Nanubhai & Co.
Chartered AccountantsAbhay D. Desai
Partner

Mumbai, 6th April, 2011

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} Directors

Mumbai, 6th April, 2011



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | ₹ | ₹ | 2009-2010 ₹ |
|--|-------------------|------------------|-------------------|
| INCOME : | | | |
| Dividend | | 3,169,437 | 941,700 |
| Interest on Advance (Gross, Inclusive of Tax Deducted at Source ₹ 56,977: Previous year ₹ 245,264) | | 276,585 | 1,426,390 |
| | | <u>3,446,022</u> | <u>2,368,090</u> |
| EXPENDITURE : | | | |
| Difference in values of investments | | | |
| Opening Stock | 11,545,321 | | 11,545,321 |
| Less : Closing Stock | <u>11,545,321</u> | | <u>11,545,321</u> |
| Auditors' Remuneration : | | | |
| Audit Fees [inclusive of service tax of ₹ Nil (Previous year ₹ 2,575)] | 25,000 | | 27,575 |
| In Other Capacity | <u>10,000</u> | | <u>10,000</u> |
| | | 35,000 | 37,575 |
| Legal & Professional Charges | | 3,309 | 15,374 |
| General Expenses | | 5,381 | 2,400 |
| | | <u>43,690</u> | <u>55,349</u> |
| PROFIT BEFORE TAX | | 3,402,332 | 2,312,741 |
| Less : Provision for Current Tax | | 72,000 | 425,000 |
| PROFIT AFTER TAX | | 3,330,332 | 1,887,741 |
| Add : Balance Brought Forward | | 706,665 | 15,049,630 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | <u>4,036,997</u> | <u>16,937,371</u> |
| APPROPRIATIONS: | | | |
| Proposed Dividend | | 2,550,000 | 13,387,500 |
| Tax on Dividend | | 423,523 | 2,275,206 |
| Transfer to General Reserve | | 334,000 | 190,000 |
| Transfer to Special Reserve Under Section 45 IC of the Reserve Bank of India Act, 1934 | | 667,000 | 378,000 |
| BALANCE CARRIED TO BALANCE SHEET | | <u>62,474</u> | <u>706,665</u> |
| Earnings per Share (Refer Note 4) | | 130.60 | 74.03 |
| Notes to Accounts – (Schedule 7) | | | |

As per our report attached.

For Nanubhai & Co.
Chartered Accountants

Abhay D. Desai
Partner

Mumbai, 6th April, 2011

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

Directors

Mumbai, 6th April, 2011

NAPEROL INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

| | 2010-2011 ₹ | 2009-2010 ₹ |
|--|-------------------|------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit Before Tax | 3,402,332 | 2,312,741 |
| Operating Profit before Working Capital Changes | <u>3,402,332</u> | <u>2,312,741</u> |
| Adjustments for | | |
| (Increase)/Decrease in Interest/Dividend Accrued | 39,354 | (40,674) |
| (Increase)/Decrease in Loans & Advances | 14,484,000 | (1,484,000) |
| (Increase)/Decrease in Inventories | — | — |
| Increase/(Decrease) in Current Liabilities | — | (188,898) |
| Cash generated from operations | <u>17,925,686</u> | <u>599,169</u> |
| Less: Taxes paid | (249,676) | (285,458) |
| Net Cash flow from Operating Activities (A) | <u>17,676,010</u> | <u>313,711</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES: (B) | — | — |
| C CASH FLOW FROM FINANCING ACTIVITIES: (C) | (15,662,706) | — |
| Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | <u>2,013,304</u> | <u>313,711</u> |
| Cash and Cash Equivalents – Opening balance as at 01-04-2010 – As per Schedule 4 ... | 1,328,201 | 1,014,490 |
| Cash and Cash Equivalents – Closing balance as at 31-03-2011 – As per Schedule 4 | <u>3,341,505</u> | <u>1,328,201</u> |

As per our report attached.

For Nanubhai & Co.
Chartered AccountantsAbhay D. Desai
Partner

Mumbai, 6th April, 2011

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} Directors

Mumbai, 6th April, 2011

SCHEDULES TO THE BALANCE SHEET

| | ₹ | ₹ | As at 31.03.2010 ₹ |
|---|------------------|------------------|--------------------------|
| SCHEDULE 1 – SHARE CAPITAL | | | |
| AUTHORISED | | | |
| 49,982 Equity Shares of ₹ 100/- each | 4,998,200 | | 4,998,200 |
| 18,11% Non-Cumulative Redeemable Preference shares of ₹ 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 ₹ 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 | 3,450,868 | | 3,260,868 |
| Add : Amount transferred from Profit and Loss Account | <u>334,000</u> | | <u>190,000</u> |
| | | 3,784,868 | 3,450,868 |
| SPECIAL RESERVE UNDER SECTION 45 IC OF THE RESERVE BANK OF INDIA ACT, 1934 | | | |
| Balance as per last account | 4,761,925 | | 4,383,925 |
| Add : Amount transferred from Profit and Loss Account | <u>667,000</u> | | <u>378,000</u> |
| | | 5,428,925 | 4,761,925 |
| PROFIT AND LOSS ACCOUNT | <u>62,474</u> | | <u>706,665</u> |
| | <u>9,278,067</u> | | <u>8,921,258</u> |



National Peroxide Limited

NAPEROL INVESTMENTS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

SCHEDULE 3 – STOCK-IN-TRADE

| Sr. No. | Name of the Company | Face Value (₹) | Opening Stock (1-4-2010) | | Purchases/Conversion | | Sales/Conversion | | Closing Stock (31-3-2011) | |
|---------|---|----------------|--------------------------|-------------------|----------------------|-----------|------------------|-----------|---------------------------|--------------------|
| | | | Quantity Nos. | Value (₹) | Quantity Nos. | Value (₹) | Quantity Nos. | Value (₹) | Quantity Nos. | Value (₹) |
| | Long Term Trade Investments Shares (Quoted): (Fully paid-up) | | | | | | | | | |
| 1. | The Bombay Dyeing & Manufacturing Company Limited | 10 | 81,240 | 2,459,624 | — | — | — | — | 81,240 | 2,459,624 |
| 2. | The Bombay Burmah Trading Corporation Limited | 10 | 841,680 | 8,814,494 | — | — | — | — | 841,680 | 8,814,494 |
| 3. | Larsen and Toubro Limited | 2 | 8 | 122 | — | — | — | — | 8 | 122 |
| 4. | Technojit Consultants Limited | 10 | 3,000 | 31,038 | — | — | — | — | 3,000 | 31,038 |
| 5. | ABB Limited | 2 | 60 | 493 | — | — | — | — | 60 | 493 |
| 6. | Tata Chemicals Limited | 10 | 56 | 1,683 | — | — | — | — | 56 | 1,683 |
| 7. | Finolex Cables Limited | 2 | 50 | 238 | — | — | — | — | 50 | 238 |
| 8. | ACC Limited | 10 | 300 | 9,030 | — | — | — | — | 300 | 9,030 |
| 9. | Colgate Palmolive India Limited | 1 | 66 | 163 | — | — | — | — | 66 | 163 |
| 10. | J. K. Synthetics Limited ** | 10 | 466 | 918 | — | — | — | — | 233 | 918 |
| 11. | J. K. Cement Limited | 10 | 46 | — | — | — | — | — | 46 | — |
| 12. | ORG Infomatics Limited | 10 | 7 | 18 | — | — | — | — | 7 | 18 |
| 13. | ICICI Bank Limited | 10 | 933 | 51,200 | — | — | — | — | 933 | 51,200 |
| 14. | ALSTOM Project India Limited | 10 | 12 | — | — | — | — | — | 12 | — |
| 15. | UltraTech Cement Limited | 10 | 1 | — | — | — | — | — | 1 | — |
| | | | | 11,369,021 | | | | | | 11,369,021 |
| | Shares (Unquoted): (Fully paid-up) | | | | | | | | | |
| 1. | B. R. T. Limited | 100 | 1,000 | 137,000 | — | — | — | — | 1,000 | 137,000 |
| | | | | 137,000 | | | | | | 137,000 |
| | Debentures (Unquoted): (Fully paid-up) | | | | | | | | | |
| 1. | Zero % Unsecured Fully Convertible Debentures in Sunflower Investments and Textiles Private Limited | 100 | 393 | 39,300 | — | — | — | — | 393 | 39,300 |
| | GRAND TOTAL | | | 11,545,321 | | | | | | 11,545,321 |
| | Market Value of Quoted Shares | | | | | | | | | 366,710,306 |

** Reduction in Share Capital 466 eq of ₹ 10/- each to 233 eq of ₹ 1/- each.

NAPEROL INVESTMENTS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

| | ₹ | As at 31.03.2010 ₹ |
|---|-----------|--------------------------|
| SCHEDULE 4 – CASH AND BANK BALANCES | | |
| Cash in hand..... | 4,832 | 7,772 |
| Fixed Deposit with Bank of Baroda | 3,000,000 | — |
| Current Account with Scheduled Bank | 336,673 | 1,320,429 |
| | 3,341,505 | 1,328,201 |
| SCHEDULE 5 – LOANS AND ADVANCES | | |
| Prepaid Expense..... | 1,320 | — |
| Interest Accrued on Advance to Holding Company | — | 40,674 |
| Advance to Holding Company | — | 14,484,000 |
| | 1,320 | 14,524,674 |
| SCHEDULE 6 – CURRENT LIABILITIES AND PROVISIONS | | |
| Sundry Creditors (Refer note 7 in Notes to the Account) | 27,575 | 27,575 |
| Provision for Tax (Net of Advance Tax)..... | 58,981 | 236,657 |
| Proposed Dividend..... | 2,550,000 | 13,387,500 |
| Tax on Dividend | 423,523 | 2,275,206 |
| | 3,060,079 | 15,926,938 |

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.

| Related Parties | Nature of Relationship | Nature of Transactions | 31.03.2011 | 31.03.2010 |
|---------------------------|------------------------|----------------------------|------------|------------|
| National Peroxide Limited | Holding Company | Loan given: | | |
| | | Closing Balance | — | 14,484,000 |
| | | Maximum amount outstanding | 14,484,000 | 14,500,000 |
| | | Loan given during the year | — | 1,484,000 |
| | | Interest Received | 276,585 | 1,426,390 |
| | | Sundry Creditors | — | — |

4. Earning Per Share of Face Value of ₹ 100/- each:

| | 2010-2011 | 2009-2010 |
|--|-----------|-----------|
| Net profit for the year (₹) | 3,330,332 | 1,887,741 |
| Number of ordinary shares | 25,500 | 25,500 |
| Face Value of Equity Share (₹) | 100 | 100 |
| Basic & Diluted Earnings per Share (₹) | 130.60 | 74.03 |

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 ₹ | |
|---|--------------------|----------------|
| | 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 ₹ Amount outstanding |
|---|--------------------------------------|
| (2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : | |
| (a) Secured | — |
| (b) Unsecured | — |
| (3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | Nil |
| (i) Lease assets including lease rentals under sundry debtors: | — |
| (a) Financial lease | — |
| (b) Operating lease | — |
| (ii) Stock on hire including hire charges under sundry debtors: | — |
| (a) Assets on hire | — |
| (b) Repossessed Assets | — |
| (iii) Other loans counting towards AFC activities | — |
| (a) Loans where assets have been repossessed | — |
| (b) Loans other than (a) above | — |
| (4) Break-up of Investments : (Included in Stock-in-Trade) | 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 | | Total |
|---|--------------------------|-----------|-------|
| | Secured | Unsecured | |
| 1. Related Parties ** | | | |
| (a) Subsidiaries | — | — | — |
| (b) Companies in the same group | — | — | — |
| (c) Other related parties (Holding Company) | — | — | — |
| 2. Other than related parties | — | — | — |
| Total | — | — | — |

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

| Category | Market Value/ Breakup or fair value or NAV | Book Value (Net of Provisions) |
|---------------------------------|--|--------------------------------------|
| 1. Related Parties ** | | |
| (a) Subsidiaries | — | — |
| (b) Companies in the same group | — | — |
| (c) Other related parties | — | — |
| 2. Other than related parties | 366,710,306 | *11,545,321 |
| Total | 366,710,306 | *11,545,321 |

* Includes cost of unquoted securities ₹ 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 breakup/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.
7. 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.
8. Previous year's figures have been regrouped wherever necessary.

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

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

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

Total Liabilities 1 1 8 2 8 Total Assets 1 1 8 2 8

Source of Funds

Paid-up Capital 2 5 5 0 Reserves & Surplus 9 2 7 8
 Secured Loans N I L Unsecured Loans N I L

Application of Funds

Net Fixed Assets N I L Investments N I L
 Net Current Assets 1 1 8 2 8 Miscellaneous Expenditure N I L
 Accumulated Profits 6 2

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

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

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

Item Code No. N.A.
 Product Description INVESTMENTS

Signatures to Schedules 1 to 7

For and on behalf of the Board of Directors

S. S. KELKAR

D. N. MEHTA

S. R. LOHOKARE

} Directors



TEN YEAR STANDALONE FINANCIAL STATISTICS

(₹ in Lacs)

| As at / Year ended 31st March | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|-----------------|
| Assets Employed : | | | | | | | | | | |
| Fixed Assets less Depreciation & CWIP | 5272.29 | 4859.92 | 4518.17 | 4476.81 | 7147.52 | 9425.00 | 9206.44 | 8820.20 | 8416.42 | 10275.99 |
| Investments | 148.46 | 148.46 | 148.77 | 148.77 | 148.37 | 127.33 | 127.33 | 127.33 | 127.33 | 2177.42 |
| Net Current Assets | 172.43 | 336.34 | 453.18 | 925.13 | 1036.70 | 513.79 | 932.89 | 944.60 | 761.57 | 2544.18 |
| Miscellaneous Expenditure | 222.64 | 154.12 | 111.21 | 76.52 | 44.05 | 35.69 | 27.20 | 18.49 | 9.17 | 2.07 |
| Financed by : | | | | | | | | | | |
| Share Capital | 229.83 | 229.83 | 229.83 | 229.83 | 229.88 | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 |
| Reserves & Surplus | 2159.04 | 2389.31 | 2963.13 | 4207.10 | 4810.85 | 4410.52 | 4950.51 | 6342.72 | 7290.45 | 12301.29 |
| Loan Funds | 2667.63 | 1830.38 | 667.05 | 3.98 | 2269.69 | 3885.68 | 3453.49 | 1649.41 | 144.84 | 885.17 |
| Deferred Tax Liability | 759.32 | 1049.32 | 1371.32 | 1186.32 | 1066.22 | 1230.91 | 1315.16 | 1343.79 | 1304.50 | 1238.50 |
| Profits & Appropriations : | | | | | | | | | | |
| Sales & other Income | 6482.86 | 5373.07 | 5866.44 | 7626.31 | 7196.74 | 6431.83 | 11032.49 | 13602.64 | 12250.66 | 18487.70 |
| Manufacturing Expenses | 4199.67 | 3944.58 | 4141.67 | 5001.07 | 5205.03 | 5025.58 | 8237.21 | 9366.14 | 8886.62 | 8976.64 |
| Interest | 504.09 | 225.46 | 82.15 | 25.69 | 4.24 | 161.14 | 339.04 | 300.22 | 127.40 | 75.84 |
| Depreciation | 498.95 | 499.72 | 490.23 | 457.05 | 460.98 | 593.39 | 784.60 | 820.73 | 830.83 | 840.96 |
| Profit Before Tax | 1280.15 | 703.31 | 1152.39 | 2142.50 | 1526.49 | 651.72 | 1671.64 | 3115.55 | 2405.81 | 8594.26 |
| Taxation | 507.00 | 346.00 | 410.00 | 715.00 | 530.00 | 217.87 | 593.76 | 1050.97 | 785.71 | 2801.99 |
| Profit After Tax | 773.15 | 357.31 | 742.39 | 1427.50 | 996.49 | 433.85 | 1077.88 | 2064.58 | 1620.10 | 5792.27 |
| Dividend : | | | | | | | | | | |
| - Amount | 91.95 | 91.95 | 149.42 | 160.92 | 344.82 | 402.29 | 459.76 | 574.70 | 574.70 | 689.64 |
| - Percentage | 40% | 40% | 65% | 70% | 60% | 70% | 80% | 100% | 100% | 120% |
| Earning Per Share (EPS) (₹) | 3.36 | 1.55 | 3.23 | 6.21 | 17.35 | 7.55 | 18.76 | 35.92 | 28.19 | 100.79 |

Notes:

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



National Peroxide Limited

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

ATTENDANCE SLIP

I hereby record my presence at the 57th 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 Monday, 8th August, 2011 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 Seventh Annual General Meeting of the Company to be held on Monday, 8th August, 2011 and at any adjournment thereof.

Signed this day of, 2011.



Signature across Revenue Stamp

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

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

AWARDS RECEIVED DURING 2010-2011

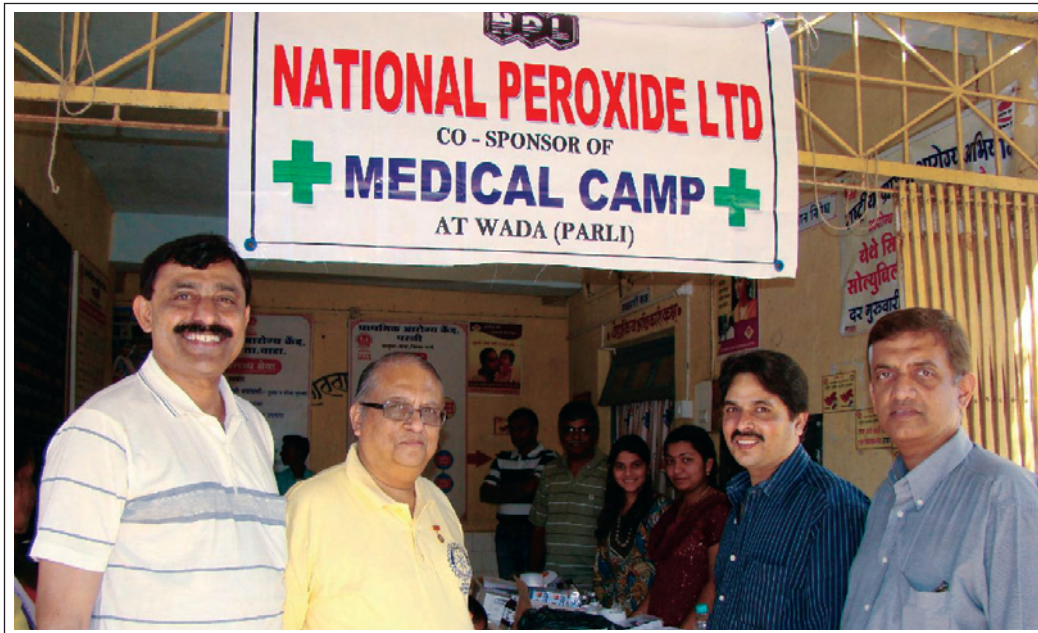
CERTIFICATE OF EXCELLENCE - 2010



Mr. S. R. Lohokare, Managing Director (on right), receiving the Certificate of Excellence from Mr. Gautam Thapar, Chairman and CEO, Avantha Group, in recognition of exemplary growth and sustainable success, awarded by Inc. India 500, a 9.9 Media Initiative, during their Second Annual Inc. India 500 Awards.

CORPORATE SOCIAL RESPONSIBILITY

MEDICAL CAMP AT WADA, DIST. THANE



Mr. S. R. Lohokare, Managing Director, flanked by company volunteers, at the medical camp conducted by the Company along with Rotary Club of Mumbai, Shivaji Park and Larsen & Toubro Medical Centre at Wada, Dist. Thane, Maharashtra, for providing medical help to pregnant women and to children suffering from malnutrition.

National Peroxide Limited

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