

National Peroxide Limited



**ANNUAL REPORT
2018-2019**

AWARD RECEIVED DURING 2018-19

FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY (FICCI),
AWARD FOR EFFICIENCY IN ENERGY USAGE IN CHEMICAL SECTOR - 2017



The FICCI Award for Efficiency in Energy Usage in Chemical Sector for the year 2017 was presented to Mr. Suresh Khurana, Chief Executive Officer & Director (third from right), Dr. Hasit Dangi, Vice-President – Operations & QA (second from left) by Smt. Meenakshi Gupta, Additional Secretary & Financial Advisor (Chemicals & Fertilizers), Government of India, (third from left) on October 4, 2018 in Mumbai.



(Registered – 16th March, 1954)

DIRECTORS

NESS N. WADIA (Chairman)
 RAJESH BATRA
 N. P. GHANEKAR
 S. RAGOTHAMAN
 DR. (MRS.) MINNIE BODHANWALA
 VIRAF MEHTA (w.e.f. 4th July, 2019)
 SURESH KHURANA (Chief Executive Officer & Director)

CHIEF FINANCIAL OFFICER

CONRAD FERNANDES

COMPANY SECRETARY

CHANDUKUMAR PARMAR

BANKERS

STATE BANK OF INDIA
 CANARA BANK
 THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
 STANDARD CHARTERED BANK

SOLICITORS AND ADVOCATES

CRAWFORD BAYLEY & Co.

AUDITORS

PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP

REGISTERED OFFICE

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

HEAD OFFICE

C-1, WADIA INTERNATIONAL CENTRE,
 PANDURANG BUDHKAR MARG,
 WORLI, MUMBAI- 400 025.

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 : NATIONAL PEROXIDE LTD.
 C-101, 247 PARK,
 L.B.S. MARG, VIKHROLI (WEST)
 MUMBAI - 400 083
 TEL : 2851 5606 / 2851 5644

CONTENTS

Notice	2
Directors' Report	11
Annexures to Directors' Report :	
I Management Discussion & Analysis Report	17
II Corporate Governance Report	19
III Corporate Social Responsibility Report	33
IV Secretarial Audit Report	34
V Details of Remuneration of Directors, KMPs and Employees	37
VI Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo	39
Standalone Auditors' Report	41
Standalone Financial Statements	48
Consolidated Auditors' Report	95
Consolidated Financial Statements	100
Form AOC-1	149



National Peroxide Limited

NOTICE

Registered Office:

Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai-400001.

Head Office:

C-1, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai 400 025.
(CIN: L24299MH1954PLC009254)
Email: secretarial@naperol.com
Website: www.naperol.com
Phone: 022-66620000

NOTICE is hereby given that the Sixty-Fifth Annual General Meeting of the Members of NATIONAL PEROXIDE LIMITED will be held at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai 400 018 on Tuesday, 6th August, 2019 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Report of the Auditors thereon.
2. To declare a Dividend on Equity Shares for the financial year ended 31st March, 2019.
3. To appoint a Director in place of Mr. Ness N. Wadia (DIN: 00036049), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

4. To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force), and based on the recommendation of Nomination and Remuneration Committee, Mr. Viraf Mehta (DIN : 00352598), who was appointed as an Additional Director (Non-Executive Independent) of the Company with effect from 4th July, 2019, pursuant to Section 161 of the Act and who has submitted the declaration that he meets the criteria for Independence as provided under the Act and the Listing Regulations and in respect of whom Company has received a notice in writing

from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and who holds office upto the date of this Annual General meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of upto five consecutive years with effect from 4th July, 2019 to 3rd July, 2024.”

5. To consider and if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of Nomination and Remuneration Committee, Mr. Rajesh Batra (DIN: 00020764), Non-Executive Independent Director of the Company, who is eligible for re-appointment and has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five consecutive years, commencing from 11th August, 2019 to 10th August, 2024.”

6. To consider and if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of Nomination and Remuneration Committee, Mr. S. Ragothaman (DIN: 00042395), Non-Executive Independent Director of the Company, who is eligible for re-appointment and has submitted a declaration that he meets the criteria for Independence as provided in the Act and Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of three consecutive years, commencing from 11th August, 2019 to 10th August, 2022 including the period from 10th May, 2021, when he shall attain 75 years of age.”

“RESOLVED FURTHER THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, consent of members of the Company be and is hereby accorded to the continuation of Mr. S. Ragothaman (DIN: 00042395), as an Independent Director of the Company, who shall attain the age of 75 years on 10th May, 2021, during his second term as an Independent Director of the Company.”

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. D.C. Dave & Co., Cost Accountants, Mumbai, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, be paid remuneration of Rs. 4,00,000/- plus applicable taxes and reimbursement of out-of-pocket expenses incurred by them for the purpose of Audit.”

“RESOLVED FURTHER THAT any one of the Directors, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all necessary acts, deeds, matters and things as may be considered necessary and desirable to give effect to this Resolution.”

By Order of the Board of Directors
for NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
Company Secretary
(ACS: 50299)

Mumbai, 4th July, 2019

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXIES NEED NOT BE MEMBER(S). IN ORDER TO BE VALID, PROXY FORMS DULY COMPLETE IN ALL RESPECTS, SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding Fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- b) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business as set out in the Notice is annexed hereto as 'Annexure I'.
- c) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

- d) A brief resume of the Director(s) proposed to be appointed / re-appointed, nature of expertise in functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other details as required by the Secretarial Standards is annexed hereto as 'Annexure II'.

- e) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 24th July, 2019 to Tuesday, 6th August, 2019 (both days inclusive) for the purpose of determining eligibility of members entitled to dividend.

- f) The dividend as recommended by the Board of Directors, if approved by the members at this Annual General Meeting, shall be paid on or after Wednesday, 7th August, 2019, to those members whose names appear in the Register of Members of the Company as on the Book Closure Date.

- g) Members are requested to notify immediately any change of address:

i) to their Depository Participants (DPs) in respect of their demat accounts; and

ii) to the Company's Registrar & Share Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, (Tel: 022-28515606 / 022-28515644) in respect of their physical share folios, if any, quoting their folio numbers.

- h) The National Automated Clearing House (NACH) facility should mandatorily be used by companies for the distribution of dividend to its members. In order to avail the facility of NACH, members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents (RTA).

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

- i) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividends for the financial year ended 31st March, 2012 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the Investor Education & Protection Fund (IEPF) on the proposed dates given in the table below:



National Peroxide Limited

Financial Year	Date of Declaration of Dividend	Proposed Date for Transfer to IEPF*
2011-12	09.08.2012	09.09.2019
2012-13	14.08.2013	15.09.2020
2013-14	11.08.2014	11.09.2021
2014-15	11.08.2015	13.09.2022
2015-16	11.08.2016	11.09.2023
2016-17	09.08.2017	11.09.2024
2017-18	11.08.2018	11.09.2025

*Indicative dates; actual dates may vary

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to Sharex Dynamic (India) Pvt. Ltd. (RTA), at the address given above, quoting their folio numbers/ DP ID & Client ID.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the Rules”), as amended from time to time, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years to the Demat Account of the IEPF Authority.

In compliance with the said Rules, the Company has communicated individually to the concerned shareholders whose shares are liable to be transferred / credited to the Demat Account of the IEPF Authority. The Company has uploaded on the website of the Company www.naperol.com under Investor Section, the details of such shareholders whose shares are to be transferred / credited to the Demat Account of the IEPF Authority.

Shareholders may note that both, the unclaimed dividend amount transferred to IEPF and the shares transferred to the Demat Account of the IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by the shareholders from the IEPF Authority after following the procedure prescribed in the Rules.

- j) Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company’s RTA mentioned above.
- k) Pursuant to Section 101 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Section 136 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company can serve notice of general meeting and financial statements through electronic mode to those members who have registered their e-mail address with the depository or the Company. The members, who hold shares in

dematerialized form, are requested to register/update their e-mail address with the depository. The members holding shares in physical form may also opt to receive notices/ financial statements by registering their e-mail address with the Company’s RTA at support@sharexindia.com.

- l) Members intending to require information about the Financial Statements, to be explained at the Meeting are requested to inform the Company at least 10 days prior to the date of Meeting so that the requisite information can be readily made available at the Meeting.
- m) Members/Proxies should bring the attendance slip duly filled in and signed for attending the Meeting and handover the same at the entrance of the Hall.
- n) Members are requested to bring their copy of the Annual Report to the Meeting.
- o) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN card copy to the Company.
- p) Members may also note that the Notice of the 65th Annual General Meeting will also be available on the website of the Company www.naperol.com and website of Central Depository Services (India) Limited (CDSL) www.evotingindia.com. The copies of the aforesaid documents will also be available at the Company’s Head Office in Mumbai for inspection during normal business hours on all working days except Saturdays, Sundays and Public Holidays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same.
- q) **Voting through Electronic Means:**
 - I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014; and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided ‘remote e-voting’ [e-voting from a place other than venue of the AGM] facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the Notice of the 65th AGM of the Company, dated 4th July, 2019.
 - II. The facility for voting through ballot paper shall also be made available at the venue of the AGM. The members attending the meeting, who have not cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

III. The remote e-voting period commences on 3rd August, 2019 (9.00 a.m.) and ends on 5th August, 2019 (5.00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 30th July, 2019, may cast their vote by remote e-voting. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 5th August, 2019.

IV. The process and manner for remote e-voting are as under:

- i. Log on to the e-voting website: www.evotingindia.com
- ii. Click on “Shareholders/Members”
- iii. Now Enter your User ID
- iv. For CDSL: 16 digits beneficiary ID
- v. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
- vi. Members holding shares in Physical Form should enter Folio Number registered with the Company
- vii. Enter the Image Verification as displayed and Click on Login

V. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

VI. If you are a first-time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ol style="list-style-type: none"> 1. Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. 2. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. [If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction IV(iii).]
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VII. After entering these details appropriately, click on “SUBMIT” tab.

VIII. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

IX. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

X. Click on the EVSN of National Peroxide Limited.

XI. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. Option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

XII. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

XIII. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

XIV. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

XV. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

XVI. If Demat account holder has forgotten the changed login password, then enter the User ID and the image verification code and click on “Forgot Password” & enter the details as prompted by the system.



National Peroxide Limited

XVIII. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

XVIII. Note for Non – Individual Shareholders and Custodians;

- Non – Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

XIX. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

- r) Mr. Nilesh Shah of Nilesh Shah & Associates, Practicing Company Secretary, (Membership No: FCS 4554) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- s) The Scrutinizer shall after the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- t) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.naperol.com and on the website of CDSL e-voting by 8th August, 2019 and communicated to BSE Limited.
- u) MEMBERS HOLDING EQUITY SHARES IN DEMAT FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
Company Secretary
(ACS: 50299)

Mumbai, 4th July, 2019

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Pursuant to the provisions of Section 161 of the Companies Act, 2013, and the Articles of Association of the Company, the Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Viraf Mehta (DIN : 00352598) as an Additional Director (Non-Executive Independent) of the Company with effect from 4th July, 2019.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr. Viraf Mehta would hold office up to the date of this Annual General Meeting. On recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 4th July, 2019 recommended to the Members of the Company, the appointment of Mr. Viraf Mehta as an Independent Director for a term of five consecutive years from 4th July, 2019 to 3rd July, 2024 under Sections 149, 150 and 152 of the Companies Act, 2013 and rules made thereunder (including other applicable provisions if any). The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Viraf Mehta for the office of Non-Executive Independent Director of the Company.

Mr. Viraf Mehta has given his consent to act as a Director and declaration that he is not disqualified from being appointed as director in terms of Section 164 of the Companies Act, 2013. The Company has also received a declaration from Mr. Viraf Mehta confirming that he meets with the criteria of independence as prescribed under Section 149 of the Companies Act, 2013 and rules made thereunder (Act) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). On the basis of above declaration, the Board is of the opinion that Mr. Viraf Mehta fulfils the conditions specified in the Act and Listing Regulations and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and is independent of the management.

Brief resume of Mr. Viraf Mehta including nature of his expertise in functional areas and names of listed companies in which he holds directorship and membership/chairmanship of Board Committees, shareholding and relationship between directors inter-se as stipulated under applicable provisions of the Listing Regulations, is provided in this statement and annexure of the Notice.

The draft Letter of Appointment of Mr. Viraf Mehta as a Non-Executive Independent Director setting out the terms and conditions is available for inspection by the members at the Head Office of the Company on any working day of the Company during business hours.

Except Mr. Viraf Mehta, none of the other Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested financially or otherwise in this resolution.

The Board recommends the resolution set out at Item No. 4 of the accompanying Notice for approval of the members.

Item Nos. 5 & 6

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company, for another term of upto five consecutive years on the Board of a Company.

The Members of the Company had at the Annual General Meeting held on 11th August, 2014 approved the appointment of following Independent Directors for a period of 5 years commencing from 11th August, 2014 till 10th August, 2019.

- Mr. Rajesh Batra (DIN: 00020764)

- Mr. N. P. Ghanekar (DIN: 00009725)

- Mr. S. Ragothaman (DIN: 00042395)

Based on their performance evaluation and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and the Listing Regulations, and as per the Articles of Association of the Company, Mr. Rajesh Batra and Mr. S. Ragothaman are eligible for re-appointment as Independent Directors and have offered themselves for re-appointment.

The Board of Directors recommends the proposal to re-appoint them as Independent Directors for terms as mentioned in the respective special resolutions.

Mr. N. P. Ghanekar, Independent Director of the Company, has not offered his candidature for re-appointment at the forthcoming Annual General Meeting. Consequently, he will cease to hold the position of an Independent Director with effect from 10th August, 2019 after serving 8 years in the Company.

The Company has also received a declaration of independence from them. In the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for re-appointment as Independent Directors of the Company and are independent of the management.

A copy of the draft Letters of Appointment for Independent Directors is available for inspection at the Head Office of the Company during business hours on all working day.

The Board considers that association of the Independent Directors would be of immense benefit to the Company considering their expertise and experience and it is desirable to avail the services of these Independent Directors.



National Peroxide Limited

Brief resume of Mr. Rajesh Batra and Mr. S. Ragothaman, nature of their expertise in functional areas and names of listed companies in which they hold directorship and membership/chairmanship of Board Committees, shareholding and relationship between directors inter-se as stipulated under applicable provisions of the Listing Regulations, 2015, are provided in this statement and annexure to the Notice.

Further as per the Regulation 17(1A) of the Listing Regulations, appointment or continuation of a Non-Executive Director after attaining age of 75 years also requires approval of Members of the Company by way of Special Resolution. Mr. S. Ragothaman shall attain age of 75 years during the proposed second term and in view of the same, the Board of Directors recommends passing of Special Resolution under Item No. 6 for his continuation as a Director.

None of the Directors who are proposed to be reappointed is related to any Director or Key Managerial Personnel of the Company or their relatives. Except for the appointee Directors for the purpose of their own resolution, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 5 & 6 of the Notice.

Item No. 7

The Board of Directors, on the recommendation of the Audit Committee, approved the appointment of M/s. D. C. Dave & Co., Cost Accountants, Mumbai, as Cost Auditors to conduct the audit of the cost records of the Company at a remuneration of Rs. 4,00,000/- plus applicable taxes and reimbursement of out-of-pocket expenses incurred by them for the financial year ending 31st March, 2020.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the Members of the Company.

A certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the Head Office of the Company on all working days except Saturdays, Sundays and Public Holidays between 11.00 a.m. to 1.00 p.m. upto and including the date of the Annual General Meeting.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board of Directors commends the Ordinary Resolution set out at Item No. 7 of the accompanying Notice for approval of the Members.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
Company Secretary
(ACS: 50299)

Mumbai, 4th July, 2019

ANNEXURE II TO THE NOTICE

Brief Resume of Director(s) proposed to be appointed / re-appointed

1. Mr. Ness N. Wadia

Mr. Ness N. Wadia (48) is currently the Chairman of the Company and was inducted as a Non-Executive Director in March 1997. He currently serves as Managing Director of The Bombay Burmah Trading Corporation, Ltd. (BBTCL) and Director on boards of Wadia Group companies including Britannia Industries Ltd. (BIL), The Bombay Dyeing and Manufacturing Company Ltd. (BDMC) and Go Airlines (India) Ltd. (Go Air).

He is also a member on the Board of the Wadia Hospitals and Trustee of Sir Ness Wadia Foundation, F. E. Dinshaw Trust, Britannia Nutrition Foundation and Modern Education Society, Pune.

As a Trustee of Sir Ness Wadia Foundation and other Trusts, he leads the Group's efforts to empower the underprivileged sections of the society. He is actively involved in overseeing the award-winning Wadia Hospitals in addition to the Group's educational and housing institutions.

Mr. Wadia was active in major industry organizations namely FICCI and led several forums such as Lifestyle forum, Young Leaders forum as well as President of Mumbai Chapter.

He did a Master's degree in Science (M.Sc.) of Engineering Management from the University of Warwick with a thesis titled "Leading to Success in India".

Mr. Wadia is also a co-owner of Kings XI Punjab, a prominent cricket team in the Indian Premier League.

Mr. Wadia is not related to any of the other Directors. Mr. Wadia is a Promoter of the Company and holds 4,600 shares of the Company.

Date of first appointment on the Board: 18th March, 1997. Number of Board Meetings attended during the year: Six.

Other Directorships: The Bombay Burmah Trading Corporation, Ltd. (Managing Director); The Bombay Dyeing & Manufacturing Company Ltd.; Britannia Industries Ltd.; Go Airlines (India) Ltd.; Virtual Education Network Pvt. Ltd.; K.P.H. Dream Cricket Pvt. Ltd.; Go Investments & Trading Pvt. Ltd.; Panella Foods and Beverages Pvt. Ltd.; Leila Lands SB, Malaysia; Island Landscape & Nursery Pte. Ltd.; Island Horti-Tech Holdings Pte. Ltd.; Strategic Foods Intl. Co. (LLC); School for Social Entrepreneurs India.

Other Committee Memberships: Corporate Social Responsibility (CSR) Committee (Chairman) of The Bombay Dyeing & Mfg. Co. Ltd.; Audit Committee, CSR Committee (Chairman), Finance Committee, Strategy & Innovation Steering Committee of Britannia Industries Ltd.; Stakeholders' Relationship Committee and Finance Committee of The Bombay Burmah Trading Corporation Ltd; and Audit Committee and CSR Committee of Go Airlines (India) Ltd;

2. Mr. Viraf Mehta

Mr. Viraf Mehta (64) holds a degree in Bachelor of Commerce from the Mumbai University, and is also a Fellow Member of The Institute of Chartered Accountants of India (ICAI).

Mr. Mehta has more than 40 years of experience in Audit, Assurance and Business Advisory Services. He was the Managing Partner of Kalyaniwalla & Mistry, Chartered Accountants, a member firm of Mazars in India up to 31st March, 2018. His professional experience includes handling special assignments for a wide spectrum of clients in different services and industries.

He has also handled assignments relating to special audits and investigations on behalf of the Reserve Bank of India, Securities Exchange Board of India and on behalf of the Special Court set up under the Trial of Offences Relating to Transactions in Securities Act, 1992.

He has been on the Board of Directors of some companies and a Bank and is a member on the committees of the Bombay Chamber of Commerce and of the ICAI as an invitee.

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

Date of first appointment on the Board: 4th July, 2019. Number of Board Meetings attended during the year: N.A.

Other Directorships: Unit Trust of India Investment Advisory Services Limited; Mazars Business Advisors Private Limited.

Other Committee Memberships: Nil

3. Mr. Rajesh Batra

Mr. Rajesh Batra (64) did his schooling in Champion school, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems management from Jambhwal Bajaj Institute in 1978.

Mr. Batra is a second generation entrepreneur and son of Mr. Ram Batra, a leading businessman and a former sheriff of Mumbai. Mr. Batra is the Chairman of Cravatex Limited, Cravatex Brands Limited and Proline India Limited. The companies deal in wholesale and retail apparel, footwear & accessories and fitness equipment. They have partnerships with leading international brands besides owning some of their own brands. A keen tennis enthusiast, Mr. Batra is a former Maharashtra state champion and a former nationally ranked player and has represented India in several international events.

Mr. Batra is a Director on the board of several companies. He is also a trustee on several charitable trusts and promotes sport through the Ram Batra Memorial Foundation.

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

Date of first appointment on the Board: 30th March, 2005. Number of Board Meetings attended during the year: Seven.



National Peroxide Limited

Other Directorships: Cravatex Ltd.; Proline India Ltd.; B.R.T. Ltd.; Cravatex Brands Ltd.; The Bombay Burmah Trading Corporation Limited; Proline Exports Pvt. Ltd.; R.B. Fitness & Trading Pvt. Ltd.

Other Committee Memberships: Audit Committee, CSR Committee and Stakeholders' Relationship Committee of Cravatex Ltd.

Other Committee Memberships: (a) Audit Committee: The Bombay Dyeing & Mfg. Co. Ltd., Digjam Ltd. (Chairman), Shreyas Shipping & Logistics Ltd., Xpro India Ltd. (Chairman) and Ultramarine & Pigments Limited. (b) Nomination and Remuneration Committee: Shreyas Shipping & Logistics Ltd. (Chairman), Digjam Ltd. (Chairman) and The Bombay Dyeing & Mfg. Co. Ltd.

4. Mr. S. Ragothaman

Mr. S. Ragothaman (73) is a Graduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India. He has a vast and rich experience in banking with specialization in the areas of project advice, risk assessment and financial management. Mr. Ragothaman also offers consultancy services.

Date of first appointment on the Board: 29th August, 2013.
Number of Board Meetings attended during the year: Five.

Other Directorships: The Bombay Dyeing & Mfg. Co. Ltd., Digjam Limited, Shreyas Shipping & Logistics Limited, Xpro India Limited and Ultramarine & Pigments Limited.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
Company Secretary
(ACS: 50299)

Registered Office:
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai 400 001
Phone: 022-66620000
CIN: L24299MH1954PLC009254
Website: www.naperol.com

Mumbai, 4th July, 2019

ROUTE MAP FOR THE SIXTY-FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL PEROXIDE LIMITED TO BE HELD AT SUNVILLE BANQUET & CONFERENCE ROOMS, 9, DR. ANNIE BESANT ROAD, NEAR WORLI FLYOVER, WORLI, MUMBAI 400 018 ON TUESDAY, 6TH AUGUST, 2019 AT 4.00 P.M.

Route Map to reach the Meeting Hall from Prabhadevi (Elphinstone Road) and Mahalaxmi Railway Stations.

Landmark: Near Worli Flyover.



DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting their Sixty-Fifth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Financial Year Ended			
	Standalone		Consolidated	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Total Income	42,061.07	32,423.82	42,138.81	32,499.55
Profit before tax and exceptional items	23,526.72	14,516.69	23,601.92	14,591.55
Exceptional Items	-	(105.92)	-	(105.92)
Profit before tax after exceptional items	23,526.72	14,622.61	23,601.92	14,697.47
Tax	8,223.39	5,110.94	8,222.24	5,113.76
Net Profit after Tax	15,303.33	9,511.67	15,379.68	9,583.71
Dividend paid on Equity Shares (Rs. 65 Per Share for FY 2017-18 and Rs. 34 Per Share for FY 2016-17)	3,735.55	1,953.98	3,735.55	1,953.98
Dividend Distribution Tax	767.86	397.79	767.86	397.79

2. DIVIDEND

Your Directors have recommended a dividend of Rs. 65/- per equity share of Rs. 10/- each for the Financial Year 2018-19, to be paid, if declared by the members at the Annual General Meeting to be held on 6th August, 2019.

3. TRANSFER TO RESERVES

During the current financial year, no transfers were made to reserves.

4. STATE OF COMPANY'S AFFAIRS

The gross sales and other income for the year under review were Rs. 42,061.07 lacs as against Rs. 32,423.82 lacs for the previous year, registering increase of 29.70%. The profit before tax was Rs. 23,526.72 lacs and the profit after tax was Rs. 15,303.33 lacs for the year under review as against Rs. 14,622.61 lacs and Rs. 9,511.67 lacs respectively, for the previous year, registering increase of 60.90% in each case.

During the year under review, the Company achieved a capacity utilisation of 106.60% of the installed capacity of Hydrogen Peroxide, as compared to 108.50% during the previous year.

The project for Expansion of the Hydrogen Peroxide Plant capacity from 95,000 MTPA to 150,000 MTPA is under progress and is scheduled to be completed during the financial year 2019-20.

5. CHANGE(S) IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business carried on by the Company and its subsidiary. The Company has not changed the class of business in which the Company has an interest.

6. MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

7. AWARDS AND RECOGNITION

The Company received the following awards during 2018-19.

Name	Awards Received from
Award for "Excellence in Energy Conservation and Management"	Indian Chemical Council (ICC), Mumbai
Award for "Efficiency in Energy Usage in Chemical Sector"	Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi



National Peroxide Limited

8. SAFETY & ENVIRONMENT

The Company continues to maintain a good safety and environmental record. There was no lost time injury during the Financial Year 2018-19. It has worked for 1,156 days without Lost Time Injury as on 31st March, 2019.

9. 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. The ongoing Expansion Project has also been adequately insured.

10. DEPOSITS FROM PUBLIC

The Company does not accept deposits from public at present, and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

11. DETAILS OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATE AND HOLDING COMPANY

Naperol Investments Limited (Naperol) is the only subsidiary of the Company. There were no joint ventures and associate companies.

Pursuant to Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of Naperol (in Form AOC-1) forms part of the Consolidated Financial Statements. Pursuant to Section 136 of the Companies Act, 2013, the Company is exempted from attaching to its Annual Report, the Annual Report of Naperol.

The Audited Financial Statements of the subsidiary company are kept open for inspection by the Members at the Head Office of the Company. The Company shall provide free of cost, a copy of the financial statements of its subsidiary company to the Members upon their request. The statements are also available on the website of the Company at www.naperol.com.

Nowrosjee Wadia and Sons (NWS) holds 30.79% shares in the Company and is the holding company of Macrofil Investments Limited (Macrofil) with 50.78% shares. Macrofil holds 33.38% shares in the Company. Hence, NWS is the holding company of the Company.

12. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANY, NAPEROL INVESTMENTS LIMITED

Naperol Investments Limited was incorporated on 6th May, 1980 and is registered as a Non-Banking Financial Company as provided by Section 45-IA of the Reserve Bank of India Act, 1934. The Company is engaged in the business of long term investment. During the year under review, the Company earned a profit after tax of Rs. 76.36 lacs as against Rs. 72.04 lacs in the previous year.

13. CONSOLIDATED FINANCIAL STATEMENTS

The Company has prepared Consolidated Financial Statements (CFS) in accordance with the applicable Accounting Standards as prescribed under the Companies (Accounts) Rules, 2014, of the Companies Act, 2013. The Consolidated Financial Results reflect the results of the Company and its subsidiary. As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited CFS together with the Independent Auditors' Report thereon are annexed and form part of this Report. The summarized Consolidated Financial Results are provided above at point no. 1 of this Report.

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended as **Annexure I**.

15. CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

A separate report on Corporate Governance along with a Certificate from a Practicing Company Secretary, regarding compliance of the conditions of Corporate Governance, is appended as **Annexure II**.

16. CORPORATE SOCIAL RESPONSIBILITY

The Company has spent Rs. 1,70,00,000/- towards its Corporate Social Responsibility (CSR) activities during the Financial Year 2018-19 as per the provisions of the Companies Act, 2013.

The CSR Policy of the Company and the details about the development of CSR Policy and initiatives taken by the Company on Corporate Social Responsibility during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 are appended as **Annexure III**.

17. DETAILS OF BOARD MEETINGS

During the year, 7 Board Meetings were held, details of which are provided in the Corporate Governance Report.

18. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return of the Company as at 31st March, 2019 is uploaded on the website of the Company at www.naperol.com.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have selected such accounting policies 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 the end of the financial year and of the profit of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the Annual Accounts on a 'going concern' basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal controls are adequate and were operating effectively; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal Audit plays a key role in providing an assurance to the Board of Directors with respect to the Company having adequate Internal Control Systems.

The Internal Control Systems provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets. The details about the adequacy of Internal Financial Controls are provided in the Management Discussion and Analysis Report.

21. STATUTORY AUDITORS

M/s. Price Waterhouse Chartered Accountants LLP (PW) (FRN. 012754N/N500016), had been appointed as the Statutory Auditors of the Company, from the conclusion of the Annual General Meeting (AGM) held on 9th August, 2017, upto the conclusion of the AGM to be held in the financial year 2022-23. PW has furnished certificate of eligibility for their continuance as Statutory Auditors of the Company for the financial year 2019-20.

The Statutory Auditors' Report contains an Unmodified Opinion and does not have any qualifications, reservations or adverse remarks. The Statutory Auditors of the Company have not reported any fraud, as specified in Section 143(12) of the Companies Act, 2013.



22. COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost records of the Company are required to be audited. The Board of Directors, on the recommendation of the Audit Committee, appointed M/s. D. C. Dave & Co., Cost Accountants, to audit the cost records of the Company for the financial year ending 31st March, 2020, on a remuneration of Rs. 4,00,000/- plus applicable taxes and reimbursement of out-of-pocket expenses as incurred by them for the purpose of Audit. The remuneration payable to the Cost Auditor is required to be ratified by the shareholders at this AGM.

There are no qualifications, reservations or adverse remarks made in the Cost Auditors' Report.

23. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Parikh & Associates, Practicing Company Secretaries, have been appointed as Secretarial Auditors of the Company to carry out Secretarial Audit. The Report of the Secretarial Auditors is appended as **Annexure V**.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

There are no qualifications, reservations or adverse remarks made in the Secretarial Auditors' Report.

24. RELATED PARTY TRANSACTIONS

The Company's policy on dealing with Related Party Transactions is disclosed on the Company's website ([weblink:http://www.naperol.com/pdf/boardpolicies/RPT_Policy.pdf](http://www.naperol.com/pdf/boardpolicies/RPT_Policy.pdf)).

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms length basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

During the year, the Company had not entered into any contract/ arrangement /transactions with related parties which could be considered as material. The related party transactions are disclosed under Note No. 42 of the Notes to Standalone Financial Statements for the year 2018-19.

25. AUDIT COMMITTEE

The Audit Committee of the Company comprises of three Independent Directors. The details are provided in the Corporate Governance Report.

Pursuant to the requirements of the Companies Act, 2013, the Company has established vigil mechanism through the Audit Committee for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

The details of establishment of such mechanism is also disclosed on the Company's website. ([weblink:http://www.naperol.com/pdf/boardpolicies/Whistle-Blower-policy.pdf](http://www.naperol.com/pdf/boardpolicies/Whistle-Blower-policy.pdf)).

26. RISK MANAGEMENT POLICY

The Company has formulated a Risk Assessment & Management Policy. The details of Risk Management are covered in the Corporate Governance Report.

27. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ness N. Wadia, Director, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

The Board of Directors appointed Mr. Viraf Mehta as an Additional Director with effect from 4th July, 2019, to hold office up to the date of this AGM. Being eligible, Mr. Viraf Mehta has offered his candidature to be appointed as an Independent Director of the Company.

In terms of the requirements of the Companies Act, 2013, the Independent Directors of the Company were appointed for a period of five years on 11th August, 2014. Such term of appointment of the Independent Directors shall come to an end on 10th August, 2019. In view of the same, the Board of Directors of the Company, based on their performance evaluation and recommendation of Nomination and Remuneration Committee, proposed to re-appoint Mr. Rajesh Batra and Mr. S. Ragothaman as the Independent Directors of the Company for a second term. A resolution proposing re-appointment of these Directors of the Company for a second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice of this AGM. Mr. S. Ragothaman shall attain the age of 75 years during the proposed second term. A resolution proposing his continuation of term on attaining age of 75 years during his second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice.

Mr. N. P. Ghanekar, Independent Director of the Company, has not offered his candidature for re-appointment at the forthcoming Annual General Meeting. Consequently, he will cease to hold the position of an Independent Director with effect from 10th August, 2019 after serving 8 years in the Company. The Board places on record its appreciation for Mr. N. P. Ghanekar's contribution during his tenure as Director.

The Independent Directors of the Company have given the certificate of independence to the Company stating that they meet the criteria of independence as required under Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

The Board of Directors had, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Conrad Fernandes as the Chief Financial Officer of the Company w.e.f. 7th January, 2019. Mr. Shailesh Chauhan had ceased to be the Chief Financial Officer of the Company w.e.f. 6th January, 2019.

During the year, Ms. Jenny Shah who was appointed as Company Secretary & Compliance Officer of the Company w.e.f. 13th June, 2018 resigned w.e.f. 5th October, 2018. The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, elevated Mr. Chandukumar Parmar as the Company Secretary & Compliance Officer of the Company w.e.f. 14th February, 2019.

28. NOMINATION AND REMUNERATION POLICY

The Board has adopted, on the recommendation of the Nomination & Remuneration Committee, a policy for selection, appointment and remuneration of Directors and Senior Management. A brief detail of the policy is given in the Corporate Governance Report and also posted on the Company's website ([weblink: http://www.naperol.com/pdf/boardpolicies/Nomination_Policy.pdf](http://www.naperol.com/pdf/boardpolicies/Nomination_Policy.pdf)).

29. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the Directors individually and all Committees of the Board. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

30. PARTICULARS OF EMPLOYEES

The information in terms of provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which forms part of this Report, is appended as **Annexure VI**.

However, as per the provisions of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is available for inspection by the Members at the Head Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

31. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in Note No. 13 of the Notes to the Standalone Financial Statements.

32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There have been no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status and the Company's operations in future.



National Peroxide Limited

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is appended as **Annexure VII**.

34. DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is currently not applicable to the Company, since the Company does not fall under the top five hundred listed entities as on 31st March, 2019. However, this Policy has been adopted on a voluntary basis, as recommended under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is posted on the Company's website ([weblink:http://www.naperol.com/pdf/boardpolicies/Dividend_Distribution_Policy.pdf](http://www.naperol.com/pdf/boardpolicies/Dividend_Distribution_Policy.pdf)).

35. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to the Customers, Vendors, Bankers, Shareholders, Central and State Governments and Regulatory Authorities for their continued co-operation and support. Your Directors also take this opportunity to acknowledge the dedicated efforts made by employees for their contribution to the success achieved by the Company.

On behalf of the Board of Directors

NESS N. WADIA
Chairman
(DIN: 00036049)

Mumbai, 4th July, 2019

ANNEXURE I TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

National Peroxide Limited (NPL) is the one of the largest producers of Hydrogen Peroxide in the country. There are currently three other producers in the country and the combined production of the producers during the financial year ended 31st March, 2019 is estimated at 2,10,000 MT. NPL is a pioneer in Hydrogen Peroxide industry in India and has been at the forefront in development of technology, brand image and market share in the country.

Due to the eco-friendly nature of product, growing awareness of public towards the environment and increase in stringent environmental regulations, the domestic market has significantly developed over the years. The domestic demand is expected to grow by 7% during 2019-20. NPL has a market share of 33% in the domestic market. Due to mismatch in demand/supply within the country and surplus in other Asian countries, there has been continuing import of significant volume.

NPL is in the advanced stage of setting up additional capacity of 55,000 MTPA which will be commissioned during the financial year 2019-20. Two new producers have announced setting up new plants adding upto 32,000 MTPA. These capacities are also expected to be operational during 2019-20. This would lead to surplus capacity within the country in 2019-20 and restrict imports.

OPPORTUNITIES AND THREATS

Positive Outlook for User Industry of Hydrogen Peroxide – An Opportunity:

Pulp and Paper: The Indian paper industry is reported to be the fastest growing paper market among large economies. The industry estimates the overall paper demand to grow at Compound Annual Growth Rate (CAGR) of 6-7% and would reach about 20 Million Tonnes by 2019-20.

The demand is being led by the packaging board segment with increasing demand from the e-commerce industry. While the packaging segment is increasing much higher than the average rate, the growth in writing-printing segment corroborates with the overall growth. The growth rate of the Indian Paper Industry has been attracting the global majors like Asia Pulp & Paper, Indonesia which has announced setting up a Rs. 24,000 Crore Greenfield Project for manufacturing Pulp & Paper in Andhra Pradesh. Similarly, the Chinese major Nine Dragons is reported to be eyeing an investment on the West Coast of India for setting up manufacturing facilities.

The threat of import of paper and dependence on imported raw material and wood chips is an issue faced by the paper industry. However increasing competition from imports will force inefficient domestic companies to consolidate to achieve better economies of scale. The industry is also ripe for consolidation and inorganic growth as is borne out by successful takeover of Sirpur Paper Mills Ltd. by JK Paper Ltd.

Textiles: The Indian Textile and Apparel Market is estimated to be growing at CAGR of 8.7% and expected to touch USD 226 billion by 2023. Growth in domestic textile industry and Government of India's focus to further develop this sector augurs well for the Hydrogen Peroxide demand in India.

Emerging Customer for Hydrogen Peroxide – Environmental Applications

Demand for Hydrogen Peroxide from oil refineries for effluent treatment has been developing and will continue to grow with increase in the volume of crude oil being processed by existing and upcoming refineries in the country. India needs to double its oil refining capacity by 2040 to meet the ever-increasing demand. Substantial investments planned in this segment both by private and public sector will boost the demand of hydrogen peroxide for refineries.

Key Raw Material – Natural Gas – Input for Production of Hydrogen Peroxide

Import Dependency and Price Volatility – A Threat:

One of the key inputs in production of Hydrogen Peroxide is Hydrogen Gas. NPL produces this by steam reforming of Natural Gas, which becomes a key raw material for production of Hydrogen Peroxide.

India imports close to 50% of its requirement of Natural Gas. Price of Natural Gas to a very great extent depends on the crude oil price and US\$ exchange rate versus Indian Rupee. This makes the price of Natural Gas subject to increased volatility. Also, Natural Gas does not fall under GST regime and input credit is not available for VAT paid.

NPL procures its Natural Gas requirement under a long-term contract with GAIL (India) Limited and therefore, continuity of supply is fairly assured.



National Peroxide Limited

OUTLOOK

The outlook for industry in the near term can only be viewed with cautious optimism. Significant imports continued to take place from Thailand, Bangladesh and South Korea during 2018-19. Government of India has imposed Anti-dumping Duty on imports of Hydrogen Peroxide from Bangladesh, Taiwan, South Korea, Pakistan and Thailand. Imposition of these duties combined with increasing production from expansion and new capacities in the country bodes well for the outlook for Hydrogen Peroxide industry in the near to medium term.

RISKS & CONCERNS

The additional capacities being built by competitors along with the proposed capacity expansion of NPL will alter the demand-supply situation in the country significantly. The custom duty, on imports of Hydrogen Peroxide from some of ASEAN and SAARC countries, being zero, distorts the market dynamics. As a result, the margin may come under pressure particularly during periods of higher Gas prices.

INTERNAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

M/s. Ernst & Young, Chartered Accountants, are the Internal Auditors of the Company. The reports and findings of the internal auditors and the internal control system are periodically reviewed by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiary. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

FINANCIAL PERFORMANCE

Discussion on financial 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 Company has been maintaining cordial relations with employees at all levels. The Company implements employee engagement programs to promote a motivated work force.

The Company provided in-house and external technical and leadership training to different level of employees for upgrading their technical and leadership skills. Few of our employees were also sent to attend technical programs conducted by the Indian Chemical Council. Various safety trainings were also given to majority of the employees to enhance their awareness about the plant safety. The safety awareness trainings are also conducted for contract employees and security staff from time to time.

The employee strength on the permanent rolls of the Company was 123, as on 31st March 2019.

RESOURCES AND LIQUIDITY

The Company finances its working capital requirements by sourcing credit lines placed at its disposal by a consortium of banks led by State Bank of India.

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, 4th July, 2019

ANNEXURE II TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

The Company's Report on Corporate Governance pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (hereinafter referred to as "Listing Regulations") for the year ended 31st March, 2019, is given below:

1. Company's Philosophy on Code of Governance

Your Company is committed to bring about good corporate governance practices. The Company's policy on Corporate Governance is to make it a way of life by, *inter alia*, adopting the standard Corporate Governance practices through continual improvement of internal systems and satisfaction of customers and shareholders. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, customers, vendors, employees, government and lenders.

2. Board of Directors

(a) Composition of the Board

The Board is headed by Mr. Ness N. Wadia, Non-Executive Chairman and is comprised of eminent persons with considerable professional experience in varied fields. The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with one Woman Director. As on 31st March, 2019, the Board of Directors of the Company comprises of six Directors, out of which two are Non-Executive Directors, three are Non-Executive Independent Directors and one is Executive Director. None of the Directors of the Company are related to each other. The composition of the Board of Directors meets the requirement of Regulation 17 of the Listing Regulations as detailed in the table at item 2(c) below.

(b) Board Meetings

During the year under review, seven Board Meetings were held. The dates on which the meetings were held are: 24th May, 2018; 2nd August, 2018, 1st November, 2018, 10th November, 2018, 14th November, 2018, 20th December, 2018 and 14th February, 2019.

(c) Membership, Attendance and Other Directorships:

Name of Director	Director Identification Number	Category @	Designation	Number of Board Meetings Attended	Whether attended last AGM	No. of Other Directorships held#		No. of Chairmanship / Membership in other Board Committees *	
						Chairman	Member	Chairman	Member
Mr. Ness N. Wadia	00036049	NI & NED	Chairman	6	Yes	-	4	-	3
Mr. Rajesh Batra	00020764	I & NED	Director	7	Yes	2	3	-	2
Mr. N. P. Ghanekar	00009725	I & NED	Director	7	Yes	-	3	3	-
Mr. S. Ragothaman	00042395	I & NED	Director	5	Yes	-	7	3	3
Dr. (Mrs.) Minnie Bodhanwala	00422067	NI & NED	Director	5	Yes	-	3	-	2
Mr. Viraf Mehta ^	00352598	I & NED	Director	N.A.	N.A.	-	1	-	-
Mr. Suresh Khurana	06677496	WTD	CEO & Director	7	Yes	-	1	-	-

@ I: Independent; NED: Non-Executive Director;

NI: Non-Independent; WTD: Whole Time Director

Excludes Directorship in foreign companies, private companies and companies governed by Section 8 of the Companies Act, 2013.

* Chairmanship/Membership includes Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies.

^ Mr. Viraf Mehta was appointed as an Independent and Non-Executive Director at the Board Meeting held on 4th July, 2019.

During the year under review, the Shareholders at the Sixty-Fourth Annual General Meeting of the Company held on Thursday, 2nd August, 2018, appointed Mr. Suresh Khurana as the Chief Executive Officer & Whole-time Director of the Company for a period of three years with effect from 15th December, 2017.



National Peroxide Limited

The names of listed companies in which the Directors hold Directorships as on 31st March, 2019 are as under:

Name of Director	Directorships of Listed Companies	Category of Directorship
Mr. Ness N. Wadia	Britannia Industries Limited	Non-Executive Non-Independent Director
	The Bombay Dyeing and Manufacturing Company Limited	Non-Executive Non-Independent Director
	The Bombay Burmah Trading Corporation Limited	Managing Director
Mr. Rajesh Batra	Cravatex Limited	Managing Director
	The Bombay Burmah Trading Corporation Limited	Non-Executive Independent Director
Mr. N. P. Ghanekar	Nil	Nil
Mr. S. Ragothaman	The Bombay Dyeing and Manufacturing Company Limited	Non-Executive Independent Director
	Digjam Limited	Non-Executive Independent Director
	Ultramarine & Pigments Limited	Non-Executive Independent Director
	XPRO India Limited	Non-Executive Independent Director
Dr. (Mrs.) Minnie Bodhanwala	Shreyas Shipping and Logistics Limited	Non-Executive Independent Director
	The Bombay Dyeing and Manufacturing Company Limited	Non-Executive Non-Independent Director
	Axel Polymers Limited	Non-Executive Non-Independent Director
Mr. Suresh Khurana	The Bombay Burmah Trading Corporation Limited	Non-Executive Non-Independent Director
	Nil	Nil

(d) Chart or matrix setting out skill / expertise / competence of the Directors

A matrix setting out the core skills / expertise / competence as required in the context of the business or sector for the Company to function effectively in comparison with core skills / expertise / competence actually available with the Company as on 31st March, 2019 are stated hereunder:

Sr. No.	List of core skills/ expertise/ competence	Availability of core skills/ expertise/ competence
1.	Industry Experience	✓
2.	Management of Business Operations	✓
3.	Sales and Marketing Functions	✓
4.	Business Development and Strategy Formation	✓
5.	Finance and Accounting	✓
6.	Legal and Regulatory Compliance	✓
7.	Corporate Governance	✓
8.	Human Resource Management	✓
9.	Risk Mitigation Planning and Management	✓
10.	Information Technology	✓

(e) Confirmation from the Board of Directors:

The Board does hereby confirm that in its opinion, the Independent Directors of the Company fulfill the conditions specified in Regulation 16(1)(b) of the Listing Regulations and are independent of the management.

(f) Cessation of Independent Director:

During the year under review, none of the Independent Director has resigned.

3. Board Committees:

The Board has constituted the following Committees of the Directors:

(a) Audit Committee:

The Audit Committee is constituted as per the provisions of Section 177 of the Companies Act, 2013, (the Act) read with Regulation 18 of the Listing Regulations. The Audit Committee currently comprises of three members, all being Independent Directors. The members of the Audit Committee have wide exposure and knowledge in areas of finance and accounting.

The meetings of the Audit Committee are also attended by the Whole-time Director, the Chief Financial Officer, the Statutory Auditors, the Internal Auditors and the Cost Auditors as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

The Board has adopted an Audit Committee Charter, for its functioning. All the items listed in Section 177 of the Act and Regulation 18(3), read with Part C of Schedule II of the Listing Regulations are covered in its terms of reference.

During the year under review, the terms of reference of the Audit Committee were amended to align the role of the Committee with amendments to the Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015.

The role of the Audit Committee flows directly from the Board of Directors overview function on corporate governance, which holds the Management accountable to the Board and the Board accountable to the stakeholders. The term of reference of the Audit Committee broadly includes acting as a catalyst, in helping the organization achieve its objectives. The Audit Committee's primary role is to review the Company's financial statements, internal financial reporting process, internal financial controls, the audit process, adequacy, reliability and effectiveness of the internal control systems and risk management process, vigil mechanism, related party transactions, monitoring process for compliance with laws and regulations and the code of conduct. The Audit Committee also reviews various reports and presentations and the responses thereto by the management.

Composition and Attendance:

During the year under review, the Committee met seven times, i.e. on 27th April, 2018, 24th May, 2018, 2nd August, 2018, 1st November, 2018, 14th November, 2018, 14th February, 2019 and 27th March, 2019. The attendance of each member of the Committee is given below:

Sr. No.	Name of Director	Designation	Category*	No. of Meetings Attended
1	Mr. N. P. Ghanekar	Chairman	I & NED	7
2	Mr. Rajesh Batra	Member	I & NED	7
3	Mr. S. Ragothaman	Member	I & NED	6

* I: Independent; NED: Non-Executive Director

Internal Audit and Control:

M/s. Ernst & Young, Chartered Accountants, Internal Auditors of the Company have carried out the Internal Audit for the Financial Year 2018-19. The reports and findings of the Internal Auditors and the internal control system are periodically reviewed by the Audit Committee.

(b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee currently comprises of three members with majority being Independent Directors. The composition of the Committee is in compliance with the requirement of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition and Attendance:

During the year under review, the Committee met four times i.e. on 24th May, 2018, 2nd August, 2018, 1st November, 2018 and 14th February, 2019. The attendance of each member of the Committee is given below:

Sr. No.	Name of Director	Designation	Category*	No of Meetings Attended
1	Mr. Rajesh Batra	Chairman	I & NED	4
2	Mr. N. P. Ghanekar	Member	I & NED	4
3	Mr. Ness N. Wadia	Member	NI & NED	4

* I: Independent; NI: Non-Independent; NED: Non-Executive Director



National Peroxide Limited

The remuneration policy of the Company is performance driven and structured to motivate the employees, recognize their merits and achievements and promote excellence in their performance. The broad terms of reference of the Nomination and Remuneration Committee include:

- Setup and Composition of the Board, its Committees and the leadership team of the Company comprising of Key Managerial Personnel (KMP) and Executive Team.
- Evaluation of performance of the Board, its Committees and individual Directors.
- Remuneration for Directors, KMPs, Executive Team and other employees.
- Oversight of the familiarisation programme of Directors.
- Oversight of the HR Philosophy, HR and People strategy and Key HR practices.

Remuneration Policy:

The remuneration payable to the Executive Directors is considered and approved by the Board as per the recommendation of Nomination and Remuneration Committee. Payment of remuneration to the Whole-time Director is governed by the agreement executed between him and the Company. The Board and the Members have approved the agreement for appointment of the Whole-time Director. The criteria adopted by the Committee to determine the remuneration of the Whole-time Director is the performance of the Company and the industry benchmarks. The remuneration structure comprises salary, incentive allowance, commission linked to profits, perquisites and allowance, contribution to provident fund and superannuation fund.

The Non-Executive Directors do not draw any remuneration from the Company. The Non-Executive Directors are paid sitting fees for their commitment towards attending the meetings of the Board/Committees and commission on the basis of their performance as may be determined by the Board from time to time. The commission payable to them is distributed broadly on the basis of their attendance; contributions at Board/Committee Meetings and Chairmanship of Committees of the Board.

A. Details of remuneration paid to the Whole-Time Director during 2018-19 and his shareholding in the Company:

(Amount in Rupees)

Name	Salary	Benefits	Commission	Total	Total no. of shares held
Mr. Suresh Khurana	1,73,60,335	20,76,225	26,25,000	2,20,61,560	Nil

The Figures shown above include remuneration for the period from 15th December, 2017 to 31st March, 2018, paid in F.Y. 2018-19. Benefits relate to Company's contribution to Provident and Superannuation Funds.

B. Details of payments made to Non-Executive Directors during 2018-19 and their shareholding in the Company, as on 31st March, 2019:

(Amount in Rupees)

Name	Commission@	Sitting Fees	Total	Total no. of shares held
Mr. Ness N. Wadia	40,50,000	3,40,000	43,90,000	4,600
Mr. Rajesh Batra	15,87,600	6,60,000	22,47,600	Nil
Mr. N. P. Ghaneekar	18,05,400	6,60,000	24,65,400	Nil
Mr. S. Ragothaman	9,96,300	4,00,000	13,96,300	Nil
Dr. (Mrs.) Minnie Bodhanwala	5,60,700	1,40,000	7,00,700	Nil

@ Shown on the basis of year of payment.

Apart from the above, there are no other pecuniary relationships of or transactions by the Non-Executive Directors with the Company.

During 2018-19, a provision of Rs. 234 lac is made in the books of accounts, for payment of commission to Non-Executive Directors, under Section 197 and 198 of the Companies Act, 2013. The individual amounts will be shown in the year of payment.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or to the employees.

Details of Service Contracts, Notice Period, etc. of all the Directors for the financial year ended 31st March, 2019:

Directors	Contract Period (Tenure)	Service Contract	Notice Period & Severance Fees
Whole-Time Director	3 years w.e.f. 15 th December, 2017	Yes	Six months' notice or six months' salary, in lieu thereof
Non-Executive, Non-Independent Director	None. The Non-Executive Directors, liable to retire by rotation, get re-appointed as per the provisions of Articles of Association of the Company and the Companies Act, 2013.	No	None
Non-Executive, Independent Director	None. The Non-Executive Independent Directors are appointed for an initial term of 5 years.	No	None

(c) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee has been constituted to monitor and review investors' grievances which comprises of three members. The Committee's constitution and terms of reference are in compliance with the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Terms of Reference:

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

- i. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends/ interest/ refund order/ redemption of debt securities, issue of new/duplicate certificates etc.
- ii. To review the measures taken for effective exercise of voting rights by security holders.
- iii. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- iv. To review the various measures/ initiatives taken by the Company inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ statutory notices by the security holders of the Company and recommend measures to further enhance the service standards for the benefit of the security holders of the Company.

Composition and Attendance:

The Committee met once during the year i.e. on 24th May, 2018. The attendance of each member of the Committee is given below:

Sr. No.	Name of Director	Designation	Category*	No. of Meetings Attended
1	Mr. N. P. Ghanekar	Chairman	I & NED	1
2	Mr. Rajesh Batra	Member	I & NED	1
3	Mr. Suresh Khurana	Member	WTD	1

* I: Independent; NED: Non-Executive Director; WTD: Whole-time Director

Name and Designation of Compliance Officer:

Ms. Jenny Shah was appointed as Company Secretary & Compliance Officer of the Company with effect from 13th June, 2018 upto 5th October, 2018. Mr. Chandukumar Parmar was elevated as Company Secretary & Compliance Officer with effect from 14th February, 2019.

No. of shareholders' complaints received during the year : 8

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

No. of pending complaints : 1*

*The pending complaint was received on 29-03-2019 and resolved on 10-04-2019.



National Peroxide Limited

(d) Corporate Social Responsibility (CSR) Committee:

The CSR Committee comprised of three members. The Committee's constitution and terms of reference are in compliance with the provisions of Section 135 of the Companies Act, 2013.

Terms of Reference:

The broad terms of reference of the Committee include:

- (i) Review the existing CSR Policy from time to time and the activities to be undertaken by the Company towards CSR activities;
- (ii) Recommend the project/programme to be undertaken, amount of expenditure to be incurred, roles and responsibilities of various stakeholders, etc. in respect of CSR activities; and
- (iii) Monitoring implementation of the projects/programmes undertaken or the end use of the amount spent by the Company towards CSR activities.

Composition and Attendance:

The Committee met twice during the year i.e. on 24th May, 2018 and 14th February, 2019. The attendance of each member of the Committee is given below:

Sr. No.	Name of Director	Designation	Category*	No. of Meetings Attended
1	Mr. Ness N. Wadia	Chairman	NI & NED	2
2	Mr. Rajesh Batra	Member	I & NED	2
3	Mr. N. P. Ghanekar	Member	I & NED	2

* NI: Non-Independent; I: Independent; NED: Non-Executive Director

(e) Finance Committee:

The Finance Committee, which comprised of three members, was constituted by the Board of Directors of the Company in November, 2011 for delegation by the Board to approve borrowings, lending and investing the funds of the Company. The Board of Directors of the Company at its meeting held on 2nd August, 2018 approved the dissolution of the Finance Committee with immediate effect for the purpose of operational convenience.

Terms of Reference:

The broad terms of reference of the Committee include:

- (i) Liability Management - to meet the funding requirements of the Company;
- (ii) Foreign Exchange Management;
- (iii) Investment Management - to deploy short-term / long-term surpluses of the Company. The Committee was also authorized to lend / place Inter-Corporate Deposits with other Companies.

Composition and Attendance:

The Committee met once during the year, i.e. on 24th May, 2018. The attendance of each member of the Committee is given below:

Sr. No.	Name of Director	Designation	Category*	No. of Meetings Attended
1	Mr. N. P. Ghanekar	Chairman	I & NED	1
2	Mr. Rajesh Batra	Member	I & NED	1
3	Mr. S. Ragothaman	Member	I & NED	0

* I: Independent; NED: Non-Executive Director

4. Independent Directors' Meeting:

The Independent Directors met once during the year i.e. on 26th March, 2019, *inter alia*, to discuss the following:

- Evaluation of the performance of the Board as a whole;
- Evaluation of performance of the Non-Independent, Non-Executive Directors and the Board Chairman.
- To assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

Familiarization Programme for Independent Directors:

The Board Members are provided with necessary documents/brochures and reports to enable them to familiarize themselves with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved.

Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company. (weblink: http://www.naperol.com/pdf/boardpolicies/Familiarization_Programme.pdf)

Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 ("Act") and the Corporate Governance requirements as prescribed by the Listing Regulations (as may be applicable), the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors. A separate meeting of the Independent Directors was also held to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors. This was followed by a Board Meeting that discussed the performance of the Board, its Committees and individual Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee Meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspects of his role.

5. General Body Meetings:

a) Details of last three Annual General Meetings are as under:

Year	Date and Time	Location	No. of Special Resolutions set out at the AGM	Business Transacted
2016-17	11 th August, 2016 4.00 p.m.	Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai - 400 018.	Nil	Nil
2017-18	9 th August, 2017 4.00 p.m.		Nil	Nil
2018-19	2 nd August, 2018 4.00 p.m.		Nil	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 (2019-20): During the current year, if Special Resolutions are proposed to be passed through postal ballot, those will be taken up at the appropriate time.

e) Procedure for Postal Ballot:

The procedure for conducting the postal ballot exercise would be as per Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time.



6. Other Disclosures:

(a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a Policy on Related Party Transactions, which has been posted on the Company's website (weblink: http://www.naperol.com/pdf/boardpolicies/RPT_Policy.pdf).

(b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) issued by the Institute of Chartered Accountants of India to the extent applicable and notified under the Companies Act, 2013.

(c) Risk Management

A detailed review of business risks and the Company's plan to mitigate them is presented to the Board. The Company has been taking steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Board.

The Company has formulated a Risk Assessment & Management Policy, establishing the philosophy of the Company towards risk identification, analysis and prioritization of risks, development of risk mitigation plans which is reported to the Board periodically.

(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 Executive 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) Vigil Mechanism/ Whistle Blower Policy

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has implemented a Whistle Blower Policy, with a view to provide a mechanism for employees and Directors of the Company to approach the Ethics Counsellor or the Chairman of the Audit Committee of the Company to report instances of violations of laws, rules and regulations, unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The vigil mechanism also provides adequate safeguards against victimization of persons who use such mechanisms and also to ensure direct access to the Ethics Counsellor or the Chairman of the Audit Committee in appropriate or exceptional cases. During the year under review, no person has been denied access to the Audit Committee.

The Company has posted the Whistle Blower Policy on Company's website.

(weblink: http://www.naperol.com/pdf/boardpolicies/Whistle_Blower_Policy-Final.pdf)

(f) Prevention of Insider Trading Code:

The Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons and Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information (Code) in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

In Compliance with the SEBI (Prohibition of Insider Trading) Amendment Regulation, 2018 (Amendment Regulations), the Company has amended the code.

The amended Code is disclosed by the Company on its website.

(Weblink: http://www.naperol.com/pdf/boardpolicies/Insider_Trading_Policy_Final-v2_Final.pdf)

The Code is applicable to Directors, Employees, Designated Persons and other Connected Persons of the Company.

(g) There are no instances 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.

(h) During the year under review, the Board has accepted the recommendations of the Committees.

(i) Policy for Prevention of Sexual Harassment in the Company:

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made thereunder, the Company has a Policy for prevention of Sexual Harassment in the Company. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Further, the Company has set up an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of the employees at workplace.

Your Directors further state the following pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013:

- i. Number of complaints filed during the financial year - Nil
- ii. Number of complaints disposed off during the financial year – N.A.
- iii. Number of complaints pending as on end of the financial year – Nil

(j) During the year under review, total fee of Rs. 40,50,000/- has been paid by the Company and its subsidiary to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is part on the consolidated basis.

(k) The policy for determining the material subsidiaries can be accessed from the Company's website.

(Weblink: http://www.naperol.com/board_policies.php)

7. CEO / CFO Certification

Mr. Suresh Khurana, Whole-Time Director & Chief Executive Officer and Mr. Conrad Fernandes, Chief Financial Officer, have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations, pertaining to CEO/ CFO certification for the financial year ended 31st March, 2019.

8. 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 Regulations.

(b) Newspapers wherein results normally published:

Business Standard (English) and Mumbai Lakshadeep (Marathi, 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 analysts: No

(f) Management Discussion & Analysis Report:

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



National Peroxide Limited

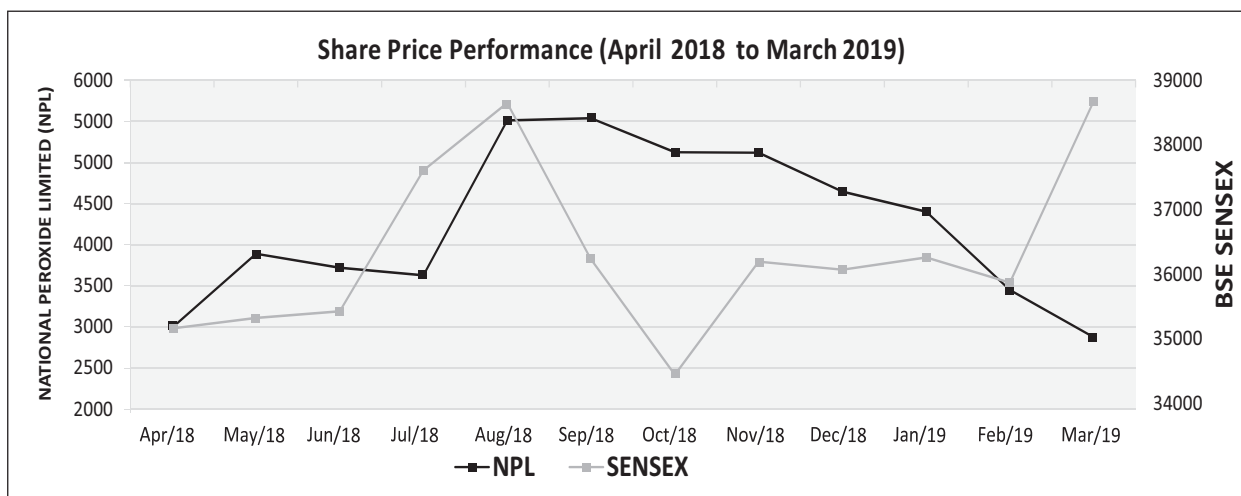
9. General Shareholder Information:

- (a) **Annual General Meeting** : Tuesday, 6th August, 2019 at 04.00 p.m. at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai – 400 018.
- (b) **Financial Year** : The financial year is from 1st April to 31st March.
- Tentative Schedule** :
- Results for quarter ending 30th June, 2019 : By 14th August, 2019
- Results for quarter ending 30th September, 2019 : By 14th November, 2019
- Results for quarter ending 31st December, 2019 : By 14th February, 2020
- Results for year ending 31st March, 2019 : By 30th May, 2020
- AGM for year ending 31st March, 2020 : By August, 2020
- (c) **Date of Book Closure** : Wednesday, 24th July, 2019 to Tuesday, 6th August, 2019 (both days inclusive)
- (d) **Dividend Payment Date** : On or after Wednesday, 7th August, 2019
- (e) **Listing on Stock Exchange** : The Company's shares are listed on BSE Ltd. The Company has paid applicable listing fees for financial year 2019-20.
- (f) **Stock Code**
- Demat Code : 500298
- Demat ISIN Number for NSDL & CDSL : INE585A01020
- Scrip ID : NATPEROX
(on the BSE website- www.bseindia.com)
- Corporate Identification Number : L24299MH1954PLC009254

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

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Net Turnover (Rs.)
April 2018	2,990	2,314	1,06,465	7,515	28,77,77,071
May 2018	3,890	2,540	1,93,706	16,932	62,41,86,746
June 2018	3,721	2,811	1,23,294	11,076	38,14,14,466
July 2018	3,627	2,850	72,280	7,842	23,68,29,419
August 2018	5,510	3,590	3,45,054	39,273	1,54,48,61,093
September 2018	5,539	3,820	1,21,596	19,567	57,75,92,633
October 2018	5,124	3,470	1,72,468	30,283	72,58,35,524
November 2018	5,118	4,050	1,59,375	25,820	73,25,47,649
December 2018	4,645	4,112	73,709	14,068	32,12,38,572
January 2019	4,400	2,670	1,44,838	27,238	51,16,23,919
February 2019	3,448	2,312	1,79,439	30,390	48,57,93,463
March 2019	2,875	2,560	1,39,130	19,667	38,17,24,763

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

(h) Stock Performance:

Data based on BSE website: “<http://www.bseindia.com/histdata/stockprc2.asp>” & “<http://www.bseindia.com/histdata/hindices2.asp>”

(i) Registrar and Transfer Agents:**Sharex Dynamic (India) Private Limited**

C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083.

Tel: 022-2851 5606 / 2851 5644; E-mail ID: support@sharexindia.com

(j) Share Transfer System:

Share transfers in physical form were processed within the prescribed period of 15 days from the date of receipt, in case documents were complete in all respects. Pursuant to Circulars issued by SEBI, transfer of shares in physical form is not permitted from 1st April, 2019. Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

(k) (i) Distribution of Shareholding as on 31st March, 2019:

Group of shares			No. of shareholders	No. of shares held	%age to total shares
1	to	50	11,184	1,68,007	2.92
51	to	100	1,515	1,26,031	2.19
101	to	250	2,374	3,58,022	6.23
251	to	500	415	1,59,662	2.78
501	to	1,000	195	1,44,070	2.51
1,001	to	5,000	144	3,02,332	5.26
5,001	to	10,000	17	1,14,335	1.99
10,001	and	above	21	43,74,541	76.12
Total			15865	57,47,000	100.00



National Peroxide Limited

(ii) Category of Shareholders as on 31st March, 2019:

Category	No. of shares held	%age to total shares
Indian Promoters	40,09,909	69.77
Foreign Promoters	56,750	0.99
Banks	575	0.01
Mutual Funds	0	0.00
Foreign Portfolio Investors	0	0.00
Corporate Bodies	1,84,395	3.21
Indian Public	13,39,175	23.30
Alternate Investment Funds	1,586	0.03
Non-Banking Financial Company registered with RBI	1,060	0.02
NRI/OCB	38,088	0.66
Clearing Members	13,913	0.24
Investor Education Protection Fund (IEPF)	21,328	0.37
Hindu Undivided Family (HUF)	80,221	1.40
Total	57,47,000	100.00

(l) Dematerialization of Shares and Liquidity:

98.71% of the outstanding Equity Shares have been dematerialised upto 31st March, 2019. Trading in Equity Shares of the Company is permitted only in dematerialised form. The trading / liquidity details are given at item 9(g) above.

(m) Share Capital Audit:

As stipulated by SEBI, a qualified practicing 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. The report is submitted to BSE Ltd. and is also placed before the Board of Directors.

(n) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity: None

(o) In terms of Section 124(5) of the Companies Act, 2013 read with the Rules made thereunder, the Company has credited during the year ended 31st March, 2018, a sum of Rs. 3,97,420/-, being unclaimed dividend, to the Investor Education and Protection Fund (IEPF). The Company has, during the year, transferred 19,388 Equity shares of the Company to IEPF Authority pursuant to Section 124(6) of the Companies Act, 2013 read with the Rules made thereunder.

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

(q) List of credit ratings obtained during the year: India Ratings has given the credit rating of 'IND A+' / Stable for debt instrument / facilities of the Company.

(r) Address for Correspondence:

For Shares held in Physical Form : Sharex Dynamic (India) Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai – 400 083.
Tel: 022-2851 5606 / 2851 5644;
E-mail ID: support@sharexindia.com

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.,
C-1, Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai 400 025.
Tel: 022-6662 0000
E-mail: secretarial@naperol.com

(s) As required in terms of Regulation 13 of the Listing Regulations, 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.

10. Non-compliance of any requirement of Corporate Governance Report:

The Company has complied with the requirements as mentioned in Schedule V, Para C, sub-paras (2) to (10) of the Listing Regulations.

11. Compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has complied with all the requirements as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the Corporate Governance requirements specified under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

12. Discretionary Requirements (Non-Mandatory):

(a) Office of the Chairman of the Board:

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

(b) Shareholder Rights:

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

Adoption of other non-mandatory requirements under Regulation 34 of the Listing Regulations is being reviewed by the Board from time to time.

13. Certificate from Company Secretary in Practice

The Company has obtained a certificate from M/s. Parikh & Associates, Company Secretaries, required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

Mumbai, 4th July, 2019

DECLARATION

As required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2019.

For NATIONAL PEROXIDE LIMITED

SURESH KHURANA
Chief Executive Officer & Director
(DIN: 06677496)

Mumbai, 4th July, 2019



National Peroxide Limited

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF NATIONAL PEROXIDE LIMITED

We have examined the compliance with conditions of Corporate Governance by NATIONAL PEROXIDE LIMITED (the 'Company'), for the year ended on 31st March, 2019, as stipulated in Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance with 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 of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place : Mumbai

Date : 4th July, 2019

ANNEXURE III TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes	:	The Company has contributed towards the project for upgradation and renovation of the existing infrastructure and heritage building of Nowrosjee Wadia Maternity Hospital, Parel, Mumbai. The Company also supports a malnutrition project along with Integrated Child Development Centre (ICDS) Rural division Kalyan and the renovation of toilet blocks in Titwala Manda School at Titwala. Kindly refer the CSR policy on the Company's website. (Weblink: http://www.naperol.com/pdf/boardpolicies/NPL_CSR_Policy.pdf)
2. Composition of the CSR Committee	:	Mr. Ness N. Wadia (Chairman, Non-Independent, Non-Executive Director) Mr. Rajesh Batra (Independent Director) Mr. N. P. Ghanekar (Independent Director)
3. Average net profit of the Company for last three financial years	:	Rs. 83,96,36,539/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	:	Rs. 1,67,92,731/-
5. Details of CSR spent during the financial year		
a) Total amount spent for the financial year	:	Rs. 1,70,00,000/-
b) Amount unspent, if any	:	NIL

c) Manner in which the amount spent during the financial year is detailed below:

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or programmes [1] Local area or other [2] Specify the state and district where projects or programmes were undertaken.	(5) Amount outlay (Budget) projects or programmes wise (Rs.)	(6) Amount spent on the projects or programmes		(7) Cumulative expenditure up to the reporting period (Rs.)	(8) Amount spent: directly or through implementing agency (Rs.)
					Direct expenditure on programmes or projects (Rs.)	Over-heads (Rs.)		
1.	Upgradation and renovation of the existing infrastructure and heritage building of Nowrosjee Wadia Maternity Hospital (NWMH)	Promoting preventative health care	State: Maharashtra District: Mumbai	1,44,50,000	1,44,50,000	-	1,44,50,000	Spent Directly
2.	Renovation of Toilet blocks in a School.	Promotion of Education	State: Maharashtra District: Kalyan	8,00,000	8,00,000	-	8,00,000	8,00,000 Implementing Agency*
3.	Supporting a health-care project under ICDS, Rural Branch, Kalyan	Promoting preventative health care	State: Maharashtra District: Kalyan	18,00,000	18,00,000	-	18,00,000	18,00,000 Implementing Agency*
				1,70,00,000	1,70,00,000	-	1,70,00,000	1,70,00,000

* Implementing Agency - Sir Ness Wadia Foundation

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR programmes, is in compliance with CSR objectives and policy of the Company.

For National Peroxide Limited

Suresh Khurana
Chief Executive Officer & Director
(DIN: 06677496)

Mumbai, 4th July, 2019

For and on behalf of the
Corporate Social Responsibility Committee of
National Peroxide Limited

NESS N. WADIA
Chairman
CSR Committee
(DIN: 0036049)



National Peroxide Limited

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
National Peroxide Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by National Peroxide Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:-
 1. The Manufacture Storage & Import of Hazardous Chemicals Rules, 1989 amended 2000
 2. Hazardous Wastes (Management, Handling & Trans Boundary Movements) Rules, 2016
 3. The Petroleum Act, 1934 and the Petroleum Rules, 2003

4. The Indian Boilers Act, 1923
5. Indian Boiler Regulations 1950 and amendment thereof
6. Explosives Act, 1884 & Rules, 1981 & Static and Mobile Pressure Vessel (Unfired) Rules, 1981
7. Motor Vehicles Act, 1988
8. The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Amendment Order, 2009
9. Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996

We have also examined compliance with the applicable clauses of the following which have been generally complied:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings which are generally complied with.
- (ii) The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc., as mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period the Company had no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Parikh & Associates**
Company Secretaries

J.U. Poojari
Partner
FCS No: 8102
CP No: 8187

Place: Mumbai

Date : 4th July, 2019

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



National Peroxide Limited

'Annexure A'

To,
The Members,
National Peroxide Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

J.U. Poojari
Partner
FCS No: 8102
CP No: 8187

Place: Mumbai
Date : 4th July, 2019

ANNEXURE V TO THE DIRECTORS' REPORT**DETAILS OF THE REMUNERATION OF DIRECTORS, KMPs AND EMPLOYEES**

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/ KMP for the F.Y. 2018-19 (Rs. in lakhs)	% increase in Remuneration in the F.Y. 2018-19	Ratio of remuneration of each Director/ KMP to median remuneration of employees
1.	Mr. Ness N. Wadia, Chairman (Non-Executive & Non-Independent)	40.50	38.03	3.32:1
2.	Mr. Rajesh Batra, Director (Independent)	15.88	26.63	1.30:1
3.	Mr. N. P. Ghanekar, Director (Independent)	18.05	29.11	1.48:1
4.	Mr. S. Ragothaman, Director (Independent)	9.96	73.82	0.82:1
5.	Dr. (Mrs.) Minnie Bodhanwala, Director (Non-Executive & Non-Independent)	5.61	56.70	0.46:1
6.	Mr. Suresh Khurana, Chief Executive Officer & Director *	220.61	*	18.08:1
7.	Mr. Shailesh J. Chauhan, Chief Financial Officer (upto 06.01.2019)#	55.14	#	4.52:1
8.	Mr. Conrad Fernandes, Chief Financial Officer (w.e.f. 07.01.2019)#	17.41	#	-
9.	Ms. Jenny V. Shah, Company Secretary (13.06.2018 to 05.10.2018)#	5.06	#	-
10.	Mr. Chandukumar Parmar, Company Secretary (w.e.f. 14.02.2019)#	5.58	#	-

Note:

* Details not given as he was Director only for part of the financial year 2017-18.

Details not given as they were Employees only for part of the financial year 2018-19.

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

The median remuneration of employees of the Company during the financial year was Rs. 12.20 lakhs and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year is provided in the above table.

2. The percentage increase in the median remuneration of employees in the financial year:

In the financial year, there was an increase of 24.40% in the median remuneration of employees.

3. The number of permanent employees on the rolls of the Company:

There were 123 permanent employees on the rolls of the Company as on 31st March, 2019.



National Peroxide Limited

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentage increase in the salaries of employees other than Key Managerial Personnel (KMP) in FY 2018-19 on comparable basis was 14.16% over previous year. The percentage increase in remuneration of KMPs is not given since they were employed only for part of the financial years 2017-18 and 2018-19, as detailed in the table above. The increase in remuneration is determined based on the performance of the employees of the Company.

5. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

On Behalf of the Board of Directors

NESS N. WADIA
Chairman
(DIN: 00036049)

Mumbai, 4th July, 2019

ANNEXURE VI TO THE DIRECTORS' REPORT**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,
FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A. Conservation of Energy:**(a) The steps taken or impact on conservation of energy:**

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

- Replaced old Vacuum Pump Motor with new high energy efficient Motor for distillation plant to reduce power consumption.
- Installed energy efficient LED light fittings/lamps in plant peripheral area for security.
- Online cleaning of Cooling Tower sump cells to maintain the efficiency of Cooling Tower.
- Installed energy efficient 5-Star rating Air-conditioning units for offices.

These measures, along with the measures taken during the past few years, have resulted in significant reduction in energy consumption.

Total energy consumption & energy consumption per unit of production:**A. POWER AND FUEL CONSUMPTION**

		2018-19	2017-18
1.	Electricity		
	a. Purchased:		
	Units (KWH)	3,55,05,800	3,50,84,000
	Total Amount (Rs. lacs)	2,753.21	2,581.13
	Rate/Unit (Rs./KWH)	7.75	7.36
	b. Own Generation:		
	(i) Through diesel generator Units (KWH)	48,960	26,200
	Units/litre of diesel oil (KWH)	3.63	2.94
	Cost of diesel /Unit (Rs./KWH)	15.02	17.19
	(ii) Through steam turbine/ generator	Not Applicable	
2.	Coal	Not Applicable	
3.	Fuel		
	Natural Gas		
	Quantity (MMBTU)	21,258.00	10,371.00
	Total amount (Rs. lacs)	198.51	76.07
	Average rate (Rs./MMBTU)	933.79	733.50
4.	Other / Internal Generation	Not Applicable	

B. CONSUMPTION PER UNIT OF PRODUCTION

		2018-19	2017-18
1.	Electricity (KWH/MT)	347.57	337.15
2.	Fuel		
	Natural Gas (MMBTU/MT)*	0.21	0.10

* The consumption for fuel is calculated on the basis of annual production. The equivalent fuel oil specific consumption on gross calorific value basis for 2017-18 and 2018-19 works out to 2.47 and 5.22 of Fuel Oil/MT respectively.



National Peroxide Limited

(b) The steps taken by the Company for utilising alternate sources of energy:

The Solar based power plant and the purchase of Open Access power as alternate sources of energy were evaluated. They were not found economically viable at present.

(c) The capital investment on energy conservation equipment:

No significant capital investment was incurred during the year on various energy conservation measures.

B. TECHNOLOGY ABSORPTION:

(a) Efforts made towards technology absorption:

- Engineering and Process Design of equipment for expansion of Hydrogen and Hydrogen Peroxide Plant.
- The Hydrogen plant capacity increase trials were conducted to ascertain further requirements for capacity increase.
- Streamlined operation of Sewage Treatment Plant (STP).
- Streamlined organic waste convertor (OWC) for treatment of waste food from canteen and converted into compost.
- Operating the boiler with Economiser for optimum usage of fuel.
- Pilot trails were conducted for waste water recovery from plant effluent streams.

(b) Benefits derived like product improvement, cost reduction, product development or import substitution:

- Stable operation of the Plant at high capacity with trained man power.
- Established requirements to debottleneck Hydrogen plant capacity at low capital cost.
- Reduced plant steam consumption & Enhanced Energy efficiency with Heat Recovery System.
- Established on-line monitoring of effluent treatment plant to maintain the quality of final discharge effluent as per MPCB norms.
- Reduced environment impact and used compost internally for plantation.
- Better economy, reduction in emission and clean operation.
- Compliance of MPCB consent conditions for scale up plant capacity and water recycling resulting in fresh water conservation.

(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- The details of technology imported: N.A.
- The year of import: N.A.
- Whether the technology been fully absorbed: N.A.
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

(d) The expenditure incurred on Research and Development:

- Capital expenditure : NIL
- Recurring expenditure : NIL
- Total expenses : NIL
- Total as % of turnover : NIL

C. FOREIGN EXCHANGE EARNING AND OUTGO:

The foreign exchange earned in terms of actual inflows and the foreign outgo in terms of actual outflows, during the year, are as follows:

(Amount in Rs. Lacs)

Particulars	2018-19	2017-18
Foreign exchange earned	Nil	Nil
Foreign exchange used	1,495.30	619.18

INDEPENDENT AUDITOR'S REPORT

To the Members of National Peroxide Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of National Peroxide Limited ("the Company"), which comprise the balance sheet as at March, 31, 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March, 31, 2019, of total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>i) Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment (Refer to Note 3 and Note 7 of the standalone financial statements):</p> <p>The Company has an expansion plan of its 150 KTPA plant.</p> <p>The Company has spent ₹ 9,314.40 lakhs towards capital work in progress and capital advances till March 31, 2019.</p> <p>Given the significance of the capital expenditure during the year, there are risks pertaining to the appropriateness of the capital expenditure and incorrect accumulation of revenue expenditure as capital expenditure in line with the criteria of Ind AS 16 'Property, Plant and Equipment'.</p>	<p>Our procedures in relation to appropriateness of capitalisation of costs as per Ind AS 16 included the following:</p> <p>We evaluated the Board approval for the expansion of 150 KTPA Plant.</p> <p>Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property Plant and Equipment.</p> <p>Performed test of details relating to capital acquisition process i.e. quotation/ vendor selection, invoice and purchase order approvals and classification.</p> <p>Performed test of details with focus on those items (example internally generated cost, borrowing costs etc.) that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in Ind AS 16 in this regard.</p> <p>Tested other costs debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalisation.</p> <p>Ensured adequacy of disclosures in the standalone financial statements.</p> <p>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalized.</p>



Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 19 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Asha Ramanathan
Partner
Membership Number: 202660

Place: Mumbai
Date: May 17, 2019



Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the standalone financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of National Peroxide Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Place: Mumbai
Date: May 17, 2019

Asha Ramanathan
Partner
Membership Number: 202660



Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management according to a phased programme design to cover all the items over the period of 2 years which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in note 3 on fixed assets to the standalone financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has granted unsecured loans to three companies covered in the register maintained under section 189 of the Act. Refer note 13 to the standalone financial statements. There are no firms/ LLPs/ other parties covered in the register maintained under section 189 of the Act.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
 - (c) In respect of aforesaid loans, there is no amount which is overdue for more than ninety days.
- iv. The Company has not granted any loans to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 40 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, duty of customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax and value added tax as at March 31, 2019, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act, 2002	Value Added Tax	487.72	FY 2006-07	Deputy Commissioner of Sales Tax (Appeal)
Central Sales Tax Act, 1956	Sales Tax	1,708.23*	FY 2006-07	Joint Commissioner of Sales Tax (Appeal)
Central Sales Tax Act, 1956	Sales Tax	38.90	FY 2012-13	Joint Commissioner of Sales Tax

Annual Report 2018-2019

Name of the statute	Nature of dues	Amount (₹ In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	4.58	AY 2013-14	Assistant Commissioner of Income Tax, Mumbai
Income Tax Act, 1961	Income Tax	101.59	AY 2015-16	Assistant Commissioner of Income Tax, Mumbai
Income Tax Act, 1961	Income Tax	16.58	AY 2016-17	Assistant Commissioner of Income Tax, Mumbai

* net of ₹ 7.67 lacs paid as deposit

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of borrowings to any bank as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, and according to the information and explanation given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him within the meaning of section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Place: Mumbai
Date: May 17, 2019

Asha Ramanathan
Partner
Membership Number: 202660



National Peroxide Limited

Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019	₹ in lakhs As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	16,574.69	16,965.25
Capital work-in-progress	3	7,540.39	563.98
Financial assets			
(i) Investments	4	18,375.46	18,305.49
(ii) Loans	5	40.35	40.35
Income tax assets (net)	6	320.20	297.92
Other non-current assets	7	2,156.12	1,316.67
Total non-current assets		45,007.21	37,489.66
Current assets			
Inventories	8	3,180.63	1,472.70
Financial assets			
(i) Investments	9	783.80	7,037.21
(ii) Trade receivables	10	3,059.38	5,325.04
(iii) Cash and cash equivalents	11	1,076.68	317.53
(iv) Bank balances other than (iii) above	12	421.13	49.23
(v) Loans	13	23,894.87	6,524.34
(vi) Other financial assets	14	88.54	41.63
Other current assets	15	776.50	196.76
Total current assets		33,281.53	20,964.44
Total assets		78,288.74	58,454.10
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	574.70	574.70
Other equity	17	60,934.48	50,310.13
Total equity		61,509.18	50,884.83
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	6,968.81	-
(ii) Other financial liabilities	19	493.35	-
Deferred tax liabilities (net)	6	3,219.11	3,375.27
Provisions	20	246.11	254.79
Total non-current liabilities		10,927.38	3,630.06
Current liabilities			
Financial liabilities			
(i) Borrowings	21	1,000.00	-
(ii) Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises; and		4.30	-
(b) Total outstanding dues of creditors other than (ii) (a) above		2,393.28	2,026.17
(iii) Other financial liabilities	23	1,483.77	640.60
Contract liabilities		15.86	-
Other current liabilities	24	121.50	697.63
Provisions	25	158.19	217.80
Income tax liabilities (net)	6	675.28	357.01
Total current liabilities		5,852.18	3,939.21
Total liabilities		16,779.56	7,569.27
Total equity and liabilities		78,288.74	58,454.10

Basis of Preparation and Significant accounting policies

2

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Asha Ramanathan
Partner
Membership No. 202660

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

CONRAD FERNANDES
Chief Financial Officer

CHANDUKUMAR PARMAR
Company Secretary

NESS N. WADIA
Chairman
DIN: 00036049

R. BATRA
Director
DIN: 00020764

N. P. GHANEKAR
Director
DIN: 00009725

S. RAGOTHAMAN
Director
DIN: 00042395

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

Statement of Profit and Loss for the year ended March 31, 2019

		₹ in lakhs	
	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	26	40,150.22	31,410.13
Other income	27	1,910.85	1,013.69
Total income		42,061.07	32,423.82
Expenses			
Cost of raw materials and packing materials consumed	28	10,490.63	8,562.41
Changes in inventories of finished goods	29	(1,822.38)	(331.40)
Excise duty		-	855.17
Power, fuel and water		3,277.56	2,711.74
Employee benefit expenses	30	2,360.64	2,255.10
Finance costs	31	73.09	50.59
Depreciation	3	923.15	919.16
Other expenses	32	3,231.66	2,884.36
Total expenses		18,534.35	17,907.13
Profit before exceptional items and tax		23,526.72	14,516.69
Exceptional items (credit)	33	-	(105.92)
Profit before tax		23,526.72	14,622.61
Income tax expense	6		
Current tax		8,214.62	4,212.71
Deferred tax		8.77	898.23
Total tax expense		8,223.39	5,110.94
Profit for the year		15,303.33	9,511.67
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligations		3.42	15.92
Changes in fair value of equity instruments at FVOCI		69.98	6,312.82
Income tax relating to these items		16.80	(24.48)
Items that will be reclassified to profit or loss			
Effective portion of losses on cash flow hedge		(408.52)	-
Income tax relating to these items		142.75	-
Other comprehensive income for the year, net of tax		(175.57)	6,304.26
Total comprehensive income for the year		15,127.76	15,815.93
Earnings per equity share			
Basic and diluted earnings per share	38	266.28	165.51

Basis of Preparation and Significant accounting policies

2

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Asha Ramanathan
Partner
Membership No. 202660SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496CONRAD FERNANDES
Chief Financial OfficerCHANDUKUMAR PARMAR
Company SecretaryNESS N. WADIA
Chairman
DIN: 00036049R. BATRA
Director
DIN: 00020764N. P. GHANEKAR
Director
DIN: 00009725S. RAGOTHAMAN
Director
DIN: 00042395MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019



National Peroxide Limited

Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital (Refer note 16)

	₹ in lakhs
As at April 1, 2017	574.70
Changes in equity share capital	-
As at March 31, 2018	574.70
Changes in equity share capital	-
As at March 31, 2019	574.70

B. Other equity

	Notes	Reserves and surplus		Other reserves		₹ in lakhs
		General reserve	Retained earnings	FVOCI - Equity instruments	FVOCI - Cash flow hedging reserves	Total other equity
Balance at April 1, 2017		3,284.50	21,696.12	11,865.35	-	36,845.97
Profit for the year		-	9,511.67	-	-	9,511.67
Other comprehensive income for the year		-	10.36	6,293.90	-	6,304.26
Total comprehensive income for the year		-	9,522.03	6,293.90	-	15,815.93
Transactions with owners in their capacity as owners:						
Dividend paid	36b	-	(1,953.98)	-	-	(1,953.98)
Dividend distribution tax	36b	-	(397.79)	-	-	(397.79)
Balance at March 31, 2018	17	3,284.50	28,866.38	18,159.25	-	50,310.13
Balance at April 1, 2018	17	<i>3,284.50</i>	<i>28,866.38</i>	<i>18,159.25</i>	-	<i>50,310.13</i>
Profit for the year		-	15,303.33	-	-	15,303.33
Other comprehensive income for the year		-	2.23	87.97	(265.77)	(175.57)
Total comprehensive income for the year		-	15,305.56	87.97	(265.77)	15,127.76
Transactions with owners in their capacity as owners:						
Dividend paid	36b	-	(3,735.55)	-	-	(3,735.55)
Dividend distribution tax	36b	-	(767.86)	-	-	(767.86)
Balance at March 31, 2019	17	3,284.50	39,668.53	18,247.22	(265.77)	60,934.48

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Asha Ramanathan
Partner
Membership No. 202660

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

CONRAD FERNANDES
Chief Financial Officer

CHANDUKUMAR PARMAR
Company Secretary

NESS N. WADIA
Chairman
DIN: 00036049

R. BATRA
Director
DIN: 00020764

N. P. GHANEKAR
Director
DIN: 00009725

S. RAGOTHAMAN
Director
DIN: 00042395

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

Statement of Cash Flow for the year ended March 31, 2019

	Year ended March 31, 2019	₹ in lakhs Year ended March 31, 2018
Cash flow from operating activities		
Profit before income tax	23,526.72	14,622.61
Adjustments for:		
Depreciation	923.15	919.16
Loss on disposal of property, plant and equipment	51.29	2.63
Finance costs	73.09	50.59
Interest income	(1,628.28)	(712.90)
Dividend income	(96.57)	(102.79)
Fair value gain on investments (including gain on sale of investments) measured at FVTPL	(137.78)	(176.61)
Net exchange differences	(9.03)	-
Loss allowance	-	38.15
Operating profit before working capital changes	22,702.59	14,640.84
Change in operating assets and liabilities		
(Increase) / decrease in trade receivables	2,265.66	(2,046.41)
(Increase) in inventories	(1,707.93)	(361.98)
Decrease in non-current financial asset	-	0.55
(Increase) / decrease in current financial asset	(20.53)	4.28
Decrease in other non-current assets	298.30	95.96
Decrease in other financial assets	0.02	56.24
(Increase) / decrease in other current assets	(579.74)	72.45
Increase in trade payable	380.39	103.20
Increase / (decrease) in provision	(64.87)	(28.46)
Increase / (decrease) in other current financial liabilities	(35.44)	250.18
Increase / (decrease) in other liabilities	(576.13)	645.63
Increase / (decrease) in contract liabilities	15.86	-
Cash generated from operations	22,678.18	13,432.48
Income taxes paid (net)	(7,924.01)	(4,010.39)
Net cash inflow by operating activities	14,754.17	9,422.09
Cash flows from investing activities		
Payment for purchase of investments	(31,093.73)	(21,154.45)
Proceeds from sale of investments	37,484.90	19,320.02
Interest received	1,581.35	708.73
Dividends received	96.57	102.77
Payments for property, plant and equipment (including capital work-in-progress and advances)	(7,808.49)	(1,095.11)
Proceeds from sale of property, plant and equipment	-	41.38
Intercompany deposits given to related party	(350.00)	(3,500.00)
Receipt of intercompany deposits given to related party	3,000.00	-
Intercompany deposits given to other Company	(20,000.00)	-
Movement in bank balances which are not considered as cash and cash equivalents	(371.90)	(10.83)
Net cash outflow from investing activities	(17,461.30)	(5,587.49)
Cash flows from financing activities		
Proceeds from / (repayment of) short term borrowings	1,000.00	(105.33)
(Repayment) of long term borrowings	-	(1,000.00)
Proceeds from long term borrowings	7,029.00	-
Dividends paid to company shareholders (including DDT)	(4,489.63)	(2,340.94)
Interest paid	(73.09)	(75.18)
Net cash inflow/(outflow) from financing activities	3,466.28	(3,521.45)
Net increase in cash and cash equivalents	759.15	313.15
Cash and cash equivalents at the beginning of the year	317.53	4.38
Cash and cash equivalents at the end of the year	1,076.68	317.53

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

NESS N. WADIA
Chairman
DIN: 00036049

S. RAGOTHAMAN
Director
DIN: 00042395

Asha Ramanathan
Partner
Membership No. 202660

CONRAD FERNANDES
Chief Financial Officer

R. BATRA
Director
DIN: 00020764

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

CHANDUKUMAR PARMAR
Company Secretary

N. P. GHANEKAR
Director
DIN: 00009725



Notes to the financial statements for the year ended March 31, 2019

1) General information:

National Peroxide Limited (“NPL”, “Company”) is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai. NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 95 KTPA on 50% w/w. basis. Company’s registered office is situated at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

2) Significant accounting policies and critical estimates and judgements:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on historical cost basis, except for the following:

- Certain financial assets and financial liabilities are measured at fair value (including derivative instruments);
- Defined benefit plans – plan assets are measured at fair value;

(iii) New and amended standards adopted by the Company

The Company has applied following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

Ind AS 115, Revenue from Contracts with Customers

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, effective April 1, 2018, on a modified retrospective basis, applying the standard to all contracts that are not completed as such date. The adoption of Ind AS 115 did not have any significant financial impact and accordingly, no adjustments are made to the amounts recognised in the financial statements. The adoption has resulted in changes to accounting policies and mandated certain disclosures. Refer note no (d) below for accounting policies and note no 43 for related disclosures.

Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

This amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendment to Ind AS 12, Income Taxes

This amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Standards issued but not effective

Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Where a contract meets Ind AS 116's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a lease liability for future lease payables.

In the Statement of Profit and Loss, lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. In the cash flow statement, cash payments for the principal portion of the lease liability and its related interest are classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

The Company is in the process of evaluating the impact of adoption of Ind AS 116 on its financial statements and will accordingly consider the same from period beginning April 1, 2019.

Other amendments

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as below, as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. These other amendments come into force on 1 April 2019.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' - The appendix explains how to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits' - The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. The Company must :

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

Ind AS 12, 'Income Taxes' - The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Ind AS 23, 'Borrowing Costs' - The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The effective date for adoption of amendments as per Companies (Indian Accounting Standards) Second Amendment Rules, 2019 is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and is in the process of evaluating the impact on account of above amendment on its financial statements and will accordingly consider the same from period beginning April 1, 2019.

(v) Current vis-à-vis non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current / non-current basis".

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Deferred tax assets and liabilities, and all assets and liabilities which are not current are classified as non-current assets and liabilities.



National Peroxide Limited

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

(b) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The Chief Executive Officer and Director of National Peroxide Limited has been identified as CODM and he is responsible for allocating resources, assess the financial performance of the company and make strategic decisions.

The Company has identified one reportable segment 'manufacturing of peroxygens' based on information reviewed by the CODM.

(c) Foreign currency translation:

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on nonmonetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

(d) Revenue recognition:

Revenue from sale of goods

Revenue is generated primarily from sale of peroxygens. Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the Company expects to receive from customers that is inclusive of excise duty and net of trade discounts, rebates and state value added tax, service tax and goods and service tax (GST).

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

(e) Income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company, as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless, the payments are structured to increase in line with expected general inflation, to compensate for the lessor's expected inflationary cost increases.

(g) Impairment of non-financial assets:

Assets are tested for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and Cash Equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance sheet.

(i) Trade Receivables:

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(j) Inventories:

Inventories are valued at lower of cost and net realisable value. In the case of raw materials, packing materials and stores and spares 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 includes all costs of purchases, direct materials, direct labour and appropriate proportion of variable and fixed overheads expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(k) Investments and other financial assets:

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



National Peroxide Limited

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the Statement of Profit and Loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in Statement of Profit and Loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses), if any on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in subsidiary is carried at cost less impairment loss, if any.

(iii) Derivatives and hedging activity

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks such as cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The Company has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(b) Fair value hedges that qualify for hedge accounting

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(c) Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.



National Peroxide Limited

(iv) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109- 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(l) Income recognition:

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(m) Offsetting Financial Instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(n) Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management which is in line with those specified by Schedule II to the Companies Act, 2013.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

(o) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months of reporting period. Trade and other payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(q) Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions and Contingent Liabilities :

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.



(s) Employee benefits:

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, pension and provident fund contributions made to a trust in case of certain employees
- defined contribution plans such as provident fund and superannuation fund.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund contributions made to a trust administered by the Company

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of the interest earnings of the fund is determined on the basis of actuarial valuation.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations and superannuation contributions to superannuation fund. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(iii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(t) Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(u) Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share:

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Rounding of Amounts:

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.2 Critical accounting estimates and judgements:

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items, which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed.

• **Estimation of useful life**

Useful lives of property, plant and equipment are based on the management's estimation. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013.

The useful lives of company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

• **Estimation of defined benefit obligation**

The present value of obligations under defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations, attrition rate and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 41 for the details of the assumptions used in estimating the defined benefit obligation.

• **Impairment of trade receivables**

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

• **Fair value measurements and valuation processes**

Some of the assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. Refer note 34.



Notes to the financial statements for the year ended March 31, 2019

Note 3 : Property, plant and equipment

₹ in lakhs

	Freehold land	Freehold Building	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Capital Work in Progress
Year ended March 31, 2018								
Gross carrying amount								
Balance at April 1, 2017	5.89	337.53	18,329.83	52.52	14.79	-	18,740.56	168.19
Additions	-	-	2.62	0.11	29.73	29.61	62.07	414.08
Disposals	-	-	(48.22)	-	-	-	(48.22)	-
Transfer	-	-	18.29	-	-	-	18.29	(18.29)
Balance as at March 31, 2018	5.89	337.53	18,302.52	52.63	44.52	29.61	18,772.70	563.98
Accumulated depreciation								
Balance at April 1, 2017	-	41.19	841.52	6.09	3.69	-	892.49	
Depreciation charge during the year	-	38.89	866.17	6.20	7.53	0.37	919.16	
On disposal	-	-	(4.20)	-	-	-	(4.20)	
Balance as at March 31, 2018	-	80.08	1,703.49	12.29	11.22	0.37	1,807.45	
Net carrying amount	5.89	257.45	16,599.03	40.34	33.30	29.24	16,965.25	563.98
Year ended March 31, 2019								
Gross carrying amount								
Balance as at April 1, 2018	5.89	337.53	18,302.52	52.63	44.52	29.61	18,772.70	563.98
Additions	-	-	46.27	2.75	13.60	8.85	71.47	7,488.82
Disposals	-	-	(56.59)	-	-	-	(56.59)	-
Transfer	-	-	512.41	-	-	-	512.41	(512.41)
Balance as at March 31, 2019	5.89	337.53	18,804.61	55.38	58.12	38.46	19,299.99	7,540.39
Accumulated depreciation								
Balance as at April 1, 2018	-	80.08	1,703.49	12.29	11.22	0.37	1,807.45	
Depreciation charge during the year	-	38.88	862.95	5.62	10.02	5.68	923.15	
On disposal	-	-	(5.30)	-	-	-	(5.30)	
Balance as at March 31, 2019	-	118.96	2,561.14	17.91	21.24	6.05	2,725.30	
Net carrying amount	5.89	218.57	16,243.47	37.47	36.88	32.41	16,574.69	7,540.39

- i) Refer note 40(b)(i) for disclosure of contractual commitments for acquisition of property, plant and equipment.
- ii) Capital work in progress as at March 31, 2019 of ₹ 7,540.39 lakhs (March 31, 2018 ₹ 563.98 lakhs) includes cost incurred towards expansion of existing plant of 95 KTPA to 150 KTPA located at Company's property in Mohone, Kalyan.
- iii) Additions to Capital work in progress during the year includes ₹ 43.93 lakhs (March 31, 2018 Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS) 23 on "Borrowing costs".
- iv) For details of Property, plant and equipment which are pledged as security for borrowings - Refer Note 18 Non - Current financial liabilities - Borrowings and Note 21 Current financial liabilities - Borrowings.
- v) Plant and equipment includes computers gross block ₹ 116.40 lakhs (March 31, 2018 ₹ 77.36), accumulated depreciation ₹ 35.32 lakhs (March 31, 2018 ₹ 14.76) lakhs and written down value ₹ 81.08 lakhs (March 31, 2018 ₹ 62.60 lakhs).

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 4: Non-current financial assets - Investments		
Investments in equity instruments (fully paid up)		
Investments in subsidiary (unquoted Investments - cost)		
25,500 (March 31, 2018: 25,500) equity share of Naperol Investments Limited of ₹ 100 each	25.50	25.50
Others (Quoted Investments - FVOCI)		
1,489,700 (March 31, 2018: 1,489,700) equity shares of The Bombay Dyeing & Manufacturing Company Limited of ₹ 2 each	2,010.35	3,561.13
1,252,200 (March 31, 2018: 1,252,200) equity shares of The Bombay Burmah Trading Corporation Limited of ₹ 2 each	16,269.83	14,660.76
600 (March 31, 2018: 600) equity shares of Housing Development Finance Corporation Limited of ₹ 2 each	11.81	10.95
2,500 (March 31, 2018: 2,500) equity shares of HDFC Bank Limited of ₹ 2 each	57.97	47.15
Total	18,375.46	18,305.49
Aggregate amount of quoted investments	18,349.96	18,279.99
Aggregate market value of quoted investments	18,349.96	18,279.99
Aggregate amount of unquoted investments	25.50	25.50
Aggregate amount of impairment in the value of investments	-	-
Note 5: Non-current financial assets - Loans		
(Unsecured, considered good)		
Security deposits	40.35	40.35
Total	40.35	40.35
Note 6 : Income tax expense		
The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are as under:		
(a) Income tax recognised in statement of profit and loss		
Income tax expense	Year ended March 31, 2019	Year ended March 31, 2018
(i) Current tax expense	8,214.62	4,212.71
Total current tax expense	8,214.62	4,212.71
(ii) Deferred tax expense		
Decrease / (increase) in deferred tax assets	(10.37)	689.88
Increase in deferred tax liabilities	19.14	208.35
Total deferred tax expense	8.77	898.23
Total Income tax expense	8,223.39	5,110.94
(b) Income tax recognised in other comprehensive income		
(i) Current tax benefit (expense)/benefit		
Remeasurement of defined benefit obligation	(5.38)	0.98
Total current tax benefit	(5.38)	0.98
(ii) Deferred tax (expense)/benefit		
Remeasurement of defined benefit obligation	4.19	(6.55)
Financial asset measured at FVOCI	160.74	(18.91)
Total deferred tax (expense)/benefit	164.93	(25.46)
Total Income tax (expense) / benefit	159.55	(24.48)



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

(c) Reconciliation of effective tax rate:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	23,526.72	14,622.61
Tax at the Indian applicable tax rate	8,221.18	5,060.59
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenses that are not deductible in determining taxable profit	48.97	14.78
Income exempt from income tax	(27.31)	(35.57)
Change in income tax rates	-	32.25
Others	(19.45)	38.89
Income tax expense	8,223.39	5,110.94

(d) Tax assets

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Opening balance	(59.09)	142.25
Add: Taxes paid	7,924.01	4,010.39
Less: Current tax payable for the year	8,220.00	4,211.73
Closing balance	(355.08)	(59.09)
Current tax assets	320.20	297.92
Current tax liabilities	(675.28)	(357.01)

(e) Movement in deferred tax liabilities

Deferred tax liabilities	3,528.11	3,526.96
Less: deferred tax assets	309.00	151.69
Deferred tax liability (net)	3,219.11	3,375.27

Movement of deferred tax balances

	₹ in lakhs			
March 31, 2019	Net balance March 31, 2018	Recognised in profit and loss	Recognised in OCI	Net deferred tax liabilities
Property, plant and equipment	3,463.85	62.43	-	3,526.28
Financial asset measured at FVTPL	44.20	(43.29)	-	0.91
Financial asset measured at FVOCI	18.91	-	(17.99)	0.92
Total deferred tax liabilities	3,526.96	19.14	(17.99)	3,528.11
Provision for post retirement benefits and other employee benefits	138.36	(12.08)	4.19	130.47
Loss allowance	13.33	-	-	13.33
Provision for sales tax	-	22.45	-	22.45
Loss on cash flow hedging reserve	-	-	142.75	142.75
Total deferred tax assets	151.69	10.37	146.94	309.00
Deferred tax liability (net)	3,375.27	8.77	(164.93)	3,219.11

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

March 31, 2018	₹ in lakhs			
	As at April 1, 2017	Recognised in profit and loss	Recognised in OCI	Net deferred tax liabilities
Property, plant and equipment	3,294.08	169.77	-	3,463.85
Financial asset measured at FVTPL	5.38	38.82	-	44.20
Financial asset measured at FVOCI	-	-	18.91	18.91
Measurement of borrowings at amortised cost	0.24	(0.24)	-	-
Total deferred tax liabilities	3,299.70	208.35	18.91	3,526.96
Provision for post retirement benefits and other employee benefits	153.01	(8.10)	(6.55)	138.36
Loss allowance	-	13.33	-	13.33
Other provisions	38.89	(38.89)	-	-
Loss on account of embezzlement of funds*	656.22	(656.22)	-	-
Total deferred tax assets	848.12	(689.88)	(6.55)	151.69
Net deferred tax liability (net)	2,451.58	898.23	25.46	3,375.27

*During the previous year, the Company's management had identified instances of embezzlement of its funds by certain employees of the Company, including senior management employees, whose services have since been terminated. Based on the management's scrutiny and the forensic investigation report, the amount of the embezzlement was ₹ 3,702.98 lakhs, pertaining entirely to the period up to March 31, 2017. Of these, ₹ 1,459.54 lakhs were accounted as cost of materials consumed and other expenses prior to the Ind AS transition date of April 1, 2016 and ₹ 347.32 lakhs, during the previous financial year ended March 31, 2017. The balance amount of ₹ 1,896.12 lakhs, which were shown as recoverable under the head "Balance with Excise, Customs, Sales Tax etc." had been debited to equity for ₹ 1,081.17 lakhs as on the Ind AS transition date of April 1, 2016 and to Exceptional Items "Loss on account of embezzlement of funds" for ₹ 814.95 lakhs during the financial year ended March 31, 2017. The impact of the above adjustments of ₹ 706.99 lakhs (net of deferred tax asset of ₹ 374.19 lakhs) was effected as at the Ind AS transition date of April 1, 2016 and ₹ 532.92 lakhs (net of deferred tax asset of ₹ 282.03 lakhs) was effected in the financial year ended March 31, 2017. The total deferred tax asset of ₹ 656.22 lakhs was utilised in the previous financial year ended March 31, 2018.

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 7: Other non-current assets		
(Unsecured, considered good)		
Balances with government authorities *	445.49	674.04
Prepayments	0.87	6.37
Capital advances	1,774.01	636.26
Less: Provision for sales tax*	(64.25)	-
Total	2,156.12	1,316.67

*During the year, the Company has provided ₹ 64.25 lakhs towards sales tax matters based on estimation for probable liabilities arising out of pending disputes / liabilities with indirect tax authorities.

Note 8: Inventories

Raw materials and packing materials	231.50	400.07
Finished goods	2,221.75	399.37
Stores and spares	727.38	673.26
Total	3,180.63	1,472.70



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 9: Current financial assets - Investments		
Investments in Mutual Funds (Unquoted Investments-FVTPL)		
NIL (March 31, 2018: 22,751,160.73) units of JM Low Duration Fund - (Direct) Daily Dividend Option (formerly known as JM Money Manager Fund - Super Plus Plan (Direct) - Daily Dividend Option (479)) of ₹ 10 each	-	2,300.92
NIL (March 31, 2018: 7,521,691.33) units of HDFC Floating Rate Debt Fund - Direct Plan - Wholesale Option - Growth Option (formerly known as HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan - Wholesale Option - Growth Option) of ₹ 10 each	-	2,285.26
NIL (March 31, 2018: 711,987.35) units of Aditya Birla Sun life Saving Fund - Growth - Direct Plan of ₹ 100 each	-	2,451.03
323,096.15 (March 31, 2018 : NIL) units of Canara Robeco Savings Fund - Regular Daily Dividend of ₹ 10 each	33.15	-
39,954.95 (March 31, 2018 : NIL) units of SBI Liquid Fund - Direct Daily Dividend of ₹ 10 each	400.84	-
10,828.87 (March 31, 2018 : NIL) units of SBI Liquid Fund - Direct Growth of ₹ 10 each	317.13	-
321,748.54 (March 31, 2018 : NIL) units of Kotak Saving Fund - Direct Plan - Daily Dividend of ₹ 10 each	32.68	-
Total	783.80	7,037.21
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	783.80	7,037.21
Aggregate amount of impairment in the value of investments	-	-
Note 10: Trade receivables		
Unsecured, considered good	3,097.53	5,363.19
Less:Loss allowance	(38.15)	(38.15)
Total	3,059.38	5,325.04
Note 11: Cash and cash equivalents		
Cash on hand	0.87	2.01
Balances with banks in current account	25.81	315.52
Term deposit with original maturity period of less than three months	1,050.00	-
Total	1,076.68	317.53

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 12: Bank balances other than cash and cash equivalents		
Margin money deposit against letter of credit	358.12	-
Unclaimed dividend accounts	63.01	49.23
Total	421.13	49.23
Note 13: Current financial assets - Loans		
(Unsecured, considered good)		
Security deposits	44.87	24.34
Intercompany deposits to related parties (Refer note below and note 42)	3,850.00	6,500.00
Intercompany deposits to other companies (Refer note below)	20,000.00	-
Total	23,894.87	6,524.34
<p>The Company has, during the year, given Intercompany Deposits (ICDs) to certain parties covered under section 189 of the Companies Act, 2013, viz. Nowrosjee Wadia and Sons Limited ₹ Nil (Previous Year ₹ 3,000 Lakhs), Wadia Techno-Engineering Services Limited ₹ 350 Lakhs (Previous Year ₹ 500 Lakhs), Bombay Dyeing Limited ₹ 10,000 Lakhs (Previous Year ₹ Nil) and Go Airlines (India) Limited ₹ 10,000 Lakhs (Previous Year ₹ Nil). These ICDs are for general business purpose and carry an interest rate of 10% p.a (Previous Year 12.50% p.a.) and have tenure for less than a year.</p>		
Note 14: Other financial assets		
(Unsecured, considered good)		
Interest accrued but not due on deposits	88.54	41.61
Other receivables	-	0.02
Total	88.54	41.63
Note 15: Other current assets		
(Unsecured, considered good)		
Advance to gratuity fund	61.87	7.42
Advances for expenses	15.67	42.15
Balances with government authorities	321.26	49.81
Prepayments	241.05	64.95
Advances to suppliers	136.65	32.43
Total	776.50	196.76
Note 16: Equity share capital		
Authorised		
25,000,000 (March 31, 2018: 25,000,000) Equity shares of ₹ 10 each	2500.00	2500.00
Issued, subscribed and fully paid		
5,747,000 (March 31, 2018: 5,747,000) Equity shares of ₹ 10 each	574.70	574.70
Total	574.70	574.70



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

Reconciliation of the number of shares

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	5,747,000	574.70	5,747,000	574.70
Issued during the year	-	-	-	-
Balance at the end of the year	5,747,000	574.70	5,747,000	574.70

₹ in lakhs

Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.

Details of shares held by the holding company, ultimate holding company and subsidiary of holding company:

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Ben Nevis Investments Limited, British Virgin Island, ultimate holding company	51,500	0.90	51,500.00	0.90
Nowrosjee Wadia and Sons Limited, holding company	1,769,125	30.78	1,769,125.00	30.78
Macrofil Investments Limited, subsidiary of holding company	1,918,109	33.38	1,918,109.00	33.38

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

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Nowrosjee Wadia and Sons Limited	1,769,125	30.78	1,769,125	30.78
Macrofil Investments Limited	1,918,109	33.38	1,918,109	33.38

Pursuant to the scheme of arrangement sanctioned by National Company Law Tribunal vide its order dated June 22, 2017, and filed with ROC on August 2, 2017, N.W. Exports Limited and Sunflower Investments and Textile Limited, both having investment in Macrofil Investments Limited, has been amalgamated into Nowrosjee Wadia Sons Limited ("NWS"). Post merger, NWS became the holding company of Macrofil Investments Limited which holds 33.38% shareholding in the Company. Accordingly, NWS became the holding Company of the Company and Ben Nevis Investments Limited became the ultimate holding company of the Company.

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 17: Other equity		
General reserve	3,284.50	3,284.50
Retained earnings	39,668.53	28,866.38
FVOCI - Equity instruments	18,247.22	18,159.25
FVOCI - Cash flow hedging reserves	(265.77)	-
Total	60,934.48	50,310.13

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**Nature and purpose of reserves****General reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Further, it also includes the impact of remeasurements of the defined benefit obligations, net of tax.

FVOCI - Equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

FVOCI - Cash flow hedging reserves

Cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that qualify as cash flow hedges. Amount are subsequently reclassified to profit and loss as appropriate.

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 18: Non-current financial liabilities - Borrowings		
Secured		
Term loan from Bank		
Foreign Currency Loan (USD)	6,988.02	-
Total	6,988.02	-
Less: Interest accrued (Refer note 23)	(19.21)	-
Non-Current borrowings	6,968.81	-

Terms of repayment

The loan is repayable in 16 equal quarterly instalments of USD 6.25 lakhs beginning from June 6, 2020 and the last quarterly installment is payable on February 27, 2024. This loan has variable interest rate of 3 months USD-LIBOR-BBA plus 1.25% per annum payable on quarterly basis. Further, the term loan facility have put and call option at the end of second year from the date of draw down and annually thereafter.

Nature of security

Secured by a first specific charge on entire movable fixed assets including plant and machinery of the Company located in Kalyan, Maharashtra.

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Net debt reconciliation		
Cash and cash equivalent	1,076.68	317.53
Non-current borrowings (including accrued interest)	(6,988.02)	-
Current borrowings	(1,000.00)	-
Total	(6,911.34)	317.53



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

				₹ in lakhs
	Cash and cash equivalent	Non-current borrowings	Current borrowings	Net debt
Net debt as at April 1, 2017	4.38	999.30	105.33	1,109.01
Cash flow	313.15	(1,000.00)	(105.33)	(792.18)
Interest expenses	-	17.56	0.30	17.86
Interest paid	-	(16.86)	(0.30)	(17.16)
Net debt as at March 31, 2018	317.53	-	-	317.53
Net debt as at April 1, 2018	317.53	-	-	317.53
Cash flow	759.15	(7,029.00)	(1,000.00)	(7,269.85)
Interest expenses	-	(20.10)	(16.25)	(36.35)
Interest paid	-	-	16.25	16.25
Exchange gain / (loss)	-	61.08	-	61.08
Net debt as at March 31, 2019	1,076.68	(6,988.02)	(1,000.00)	(6,911.34)

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018

Note 19: Non-current financial liabilities - Other financial liabilities

Derivative liabilities designated as hedge

Cross currency interest rate swap (CCIRS)	493.35	-
Total	493.35	-

Note 20: Non-current - Provisions

For employee benefits (Refer note 41)		
Leave encashment and compensated absence	176.87	199.16
Pension	69.24	55.63
Total	246.11	254.79

Note 21: Current financial liabilities - Borrowings

Secured		
Term loan repayable on demand from Bank	1,000.00	-
Total	1,000.00	-

Terms of repayment

Repayable on demand. The present interest rate is 9.5% p.a.

Nature of security

- i) Primary Security:
First pari passu charge by way of hypothecation over the Company's entire stocks of inventory and receivables along with other working capital banks under consortium.
- ii) Collateral Security:
Second pari passu charge on the entire fixed assets of the Company including 68.08 acres industrial land located at NRC Road, P.O. Atali, via Mohone, Kalyan, Dist. Thane.

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 22: Trade payables		
Dues to micro and small enterprises	4.30	-
Dues to others	2,393.28	2,026.17
Total	2,397.58	2,026.17

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors. During the previous year, there were no overdue principal amounts / interest payable amounts for delayed payments to such vendors as at Balance Sheet date.

	₹ in lakhs	
	As at March 31, 2019	
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end		4.30
Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end		-
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year		171.86
Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		-
Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		-
Interest due and payable towards suppliers registered under MSMED Act for payments already made		2.55
Further interest remaining due and payable for earlier years		-

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 23: Other current financial liabilities		
Book Overdraft	148.09	-
Interest accrued but not due on borrowings	19.21	-
Deposit received from customers	2.80	2.70
Capital creditors	862.92	17.30
Payable to employees	387.74	571.37
Unpaid dividend	63.01	49.23
Total	1,483.77	640.60

Note 24: Other current liabilities		
Advances received from customers	-	3.96
Statutory dues (including provident fund, tax deducted at source and others)	121.50	693.67
Total	121.50	697.63

The Company has recognised revenue of ₹ 3.96 lakhs, that was included in the advance received from customers balance at the beginning of the year.

Note 25: Current - Provisions		
For employee benefits (Refer note 41)		
Gratuity	30.93	76.65
Leave encashment and compensated absence	118.55	130.41
Pension	8.71	10.74
Total	158.19	217.80



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 26: Revenue from operations		
Revenue from contracts with customers		
Sale of goods [including excise duty Nil (March 31, 2018 ₹ 855 lakhs)]	40,134.65	31,399.46
Other operating revenues		
Scrap sales	15.57	10.67
Total	40,150.22	31,410.13
Note 27: Other income		
Interest income on financial assets at amortised cost		
On inter-corporate deposits	1,589.27	703.77
On fixed deposits	9.13	-
Other interest income	29.88	9.13
Dividend income from equity investments designated at FVOCI (Refer below)	27.84	23.34
Dividend income from other investments measured at FVTPL	68.73	79.45
Fair value gain on investments (including gain on sale of investments) measured at FVTPL	137.78	176.61
Net foreign exchange gain	32.96	15.42
Other miscellaneous income	15.26	5.97
Total	1,910.85	1,013.69
All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.		
Note 28: Cost of raw materials and packing materials consumed		
Opening balance of raw materials and packing materials	400.07	412.92
Add: Purchases made during the year	10,322.06	8,549.56
Less: Closing balance of raw materials and packing materials	(231.50)	(400.07)
Total	10,490.63	8,562.41
Note 29: Changes in inventories of finished goods		
Hydrogen peroxide		
Opening balance	399.37	67.97
Closing balance	(2,221.75)	(399.37)
Total	(1,822.38)	(331.40)
Note 30: Employee benefit expenses		
Salaries, wages and bonus	1,895.05	1,775.65
Contribution to provident fund and other funds (Refer note 41)	145.52	123.70
Provident fund benefits (Refer note 41)	7.22	19.51
Gratuity (Refer note 41)	46.33	79.19
Pension benefits (Refer note 41)	9.67	14.46
Workmen and staff welfare expenses	256.85	242.59
Total	2,360.64	2,255.10

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 31: Finance costs		
Interest expenses on financial liability at amortised cost	36.35	16.86
Fair value changes on hedge instrument designated as cash flow hedge transferred from OCI	23.83	-
Other interest expense	56.84	33.03
Unwinding of interest on financial liability measured at amortised cost	-	0.70
	117.02	50.59
Less: Interest capitalised	(43.93)	-
Total	73.09	50.59
Note 32 : Other expenses		
Consumption of stores and spares	213.60	408.43
Repairs and maintenance		
Plant and machinery	580.54	502.31
Buildings	2.23	2.62
Rent	46.25	54.31
Rates and taxes	38.15	35.51
Legal and professional fees	327.30	293.32
Excise duty	-	(10.55)
Insurance	56.21	61.39
Payment to auditors		
Statutory audit fees	16.00	32.75
Others	9.00	4.50
Reimbursement of out of pocket expenses	1.59	0.09
Loss allowance	-	38.15
Corporate social responsibility expenditure (Refer below)	170.00	80.00
Commission to non executive Directors	175.00	149.00
Directors sitting fees	22.00	18.01
Freight	555.44	367.13
Miscellaneous expenses	1,018.35	847.39
Total	3,231.66	2,884.36
Expenditure on corporate social responsibility:		
(i) Contribution to Sir Ness Wadia Foundation	25.50	72.00
(ii) Contribution to Nowrosjee Wadia Maternity Hospital	144.50	-
(iii) Contribution to Patil Bal Mandir School, Kalyan	-	8.00
Total	170.00	80.00
Amount required to be spent as per section 135 of the Act	167.93	79.85
Amount spent during the year on:		
i) Construction/Acquisition of an asset	144.50	8.00
ii) On purposes other than (i) above	25.50	72.00
Total	170.00	80.00



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 33: Exceptional items		
Refund received from Maharashtra State Electricity Distribution Company Limited towards tariff difference between continuous supply and non-continuous supply	-	(105.92)
Total	-	(105.92)

Note 34: Fair value measurements

(a) Financial instruments by category

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment						
-Equity instruments#	-	18,349.96	-	-	18,279.99	-
-Mutual funds	783.80	-	-	7,037.21	-	-
Trade receivables	-	-	3,059.38	-	-	5,325.04
Cash and cash equivalents	-	-	1,076.68	-	-	317.53
Bank balances other than cash and cash equivalents	-	-	421.13	-	-	49.23
Security deposits	-	-	85.22	-	-	64.69
Inter corporate deposits##	-	-	23,938.54	-	-	6,541.61
Other financial assets	-	-	-	-	-	0.02
Total financial assets	783.80	18,349.96	28,580.95	7,037.21	18,279.99	12,298.12
Financial liabilities						
Borrowings (including accrued interest thereon)	-	-	7,988.02	-	-	-
Trade payable	-	-	2,397.58	-	-	2,026.17
Other financial liabilities	-	-	1,464.56	-	-	640.60
Derivative designated as hedge - CCIRS	-	493.35	-	-	-	-
Total financial liabilities	-	493.35	11,850.16	-	-	2,666.77

These are investment in equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments and the Company considered this to be more relevant.

Inter corporate deposits include interest accrued till the year end, whereas the same has been classified under other financial assets in the financial statements.

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019				
Financial assets				
Investment in equity instruments (at FVOCI)	18,349.96	-	-	18,349.96
Investment in mutual funds (at FVTPL)	783.80	-	-	783.80
Total financial assets	19,133.76	-	-	19,133.76
Financial liabilities				
Derivative designated as hedge - CCIRS	-	493.35	-	493.35
Total financial liabilities	-	493.35	-	493.35
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2019				
Financial assets				
Security deposits	-	-	40.35	40.35
Total financial assets	-	-	40.35	40.35
Financial liabilities				
Borrowings	-	6,968.81	-	6,968.81
Total financial liabilities	-	6,968.81	-	6,968.81
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2018				
Financial assets				
Investment in equity instruments (at FVOCI)	18,279.99	-	-	18,279.99
Investment in mutual funds (at FVTPL)	7,037.21	-	-	7,037.21
Total financial assets	25,317.20	-	-	25,317.20
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2018				
Financial assets				
Security deposits	-	-	40.35	40.35
Total financial assets	-	-	40.35	40.35
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Note:

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



Notes to the financial statements for the year ended March 31, 2019 (Contd.)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between any levels during the year.

The Company has insignificant financial instruments at level 3.

(c) Valuation techniques used to determine fair value

Fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting date. The mutual funds are valued using the closing net asset value.

The fair value of cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves and forward exchange rates as at the balance sheet date

The fair values for security deposits are calculated based on cash flows discounted using a current lending rate.

The fair values of non-current borrowings are based on discounted cash flows using a credit adjusted borrowing rate as at the reporting date.

(d) Fair value of financial assets and liabilities measured at amortised cost

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	40.35	40.35	40.35	40.35
Total financial assets	40.35	40.35	40.35	40.35
Financial Liabilities				
Borrowings	6,968.81	6,968.81	-	-
Total financial liabilities	6,968.81	6,968.81	-	-

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, inter corporate deposits, other financial assets, current financial liabilities- borrowings including accrued interest, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short term nature.

Note 35: Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swap are entered to hedge certain foreign currency risk exposures and interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, investments in mutual funds	Ageing analysis	Credit limits, timely review, diversification of deposits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Surplus cash parking in liquid funds
Market risk – foreign exchange	Recognised financial liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Foreign currency borrowing - hedged - CCIRS Others - limited exposure, unhedged
Market risk- interest risk	Long term borrowing at variable rates	Sensitivity analysis	Cross currency interest rate swaps
Market risk- price risk	Investment in equity instruments	Sensitivity analysis	Strategic investment, diversification of portfolio

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

The Company has adopted a Risk Management Policy wherein all material risks faced by the Company are identified and assessed. The Risk Management framework defines the risk management approach of the Company and includes collective identification of risks impacting the Company's business and documents their process of identification, mitigation and optimization of such risks.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising interest expense at a fixed interest rate for the hedged loans and foreign currency borrowing at the fixed foreign currency rate.

(a) Credit risk

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost and investments in mutual funds, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances. The Company has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk assessment and credit line allocation process. Procedures are standardized within a customer credit risk policy and supported by the information technology system by limiting the credit exposure to each customer and allowing an average credit period of 30-60 days. The Company has adopted a policy of only dealing with creditworthy counterparties. Intercorporate deposits given are for not more than 12 months. The Company periodically assess the recoverability of intercorporate deposits.

The group provides for life time allowance on trade receivable using simplified approach and on a case to case basis on specified customers. Specific debtors represents debtors facing bankruptcy cases, operation shutdown and other scenerio as determined by the management. Such debtors are categorised as specific debtors upon intimation/news. Such specific debtors has no nexus with the macro economy factor. The Company recognises expected credit loss on specified receivables as determined by the management.

	₹ in lakhs
Reconciliation of loss allowance on trade receivables	Amount
Loss allowance on April 1, 2017	-
Changes in loss allowance	38.15
Loss allowance on March 31, 2018	38.15
Changes in loss allowance	-
Loss allowance on March 31, 2019	38.15

For banks and financial institutions, only highly rated banks / institutions are accepted. Generally all policies surrounding credit risk have been managed at Company level.

(b) Liquidity risk

Liquidity risk is the risk that the Company will fail in meeting its obligations to pay its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. In respect of its operations, the Company funds its activities primarily through cash generated in operations and working capital borrowings.

Management monitors the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Cash which is not needed in the operating activities of the Company is invested in marketable liquid funds.

(i) Maturities of financial liabilities

The amounts disclosed below are the non derivative contractual undiscounted cash flows of financial liabilities and net settled derivative financial instruments undiscounted cash flows. Balances due within 12 months equal their carrying balances as



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

the impact of discounting is not significant. For cross currency interest rate swap, the cash flows have been estimated using forward interest rates and forward exchange rates as at the end of the reporting period.

March 31, 2019				₹ in lakhs
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Non derivative financial liabilities</u>				
Borrowings (including accrued interest thereon)#	1,266.81	8,407.75	-	9,674.56
Trade payables	2,397.58	-	-	2,397.58
Other financial liabilities	1,464.56	-	-	1,464.56
Total non derivative financial liabilities	5,128.95	8,407.75	-	13,536.70
Derivative (net settled)				
Cross currency interest rates swap	339.61	(56.01)	-	283.60
Total derivative liabilities	339.61	(56.01)	-	283.60

The foreign currency borrowing facilities has maturity period of 5 years and contains put and call option at the end of the second year and annually thereafter. The Company is expected to exercise the put option at the end of second year.

March 31, 2018				₹ in lakhs
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Non derivative financial liabilities</u>				
Trade payables	2,026.17	-	-	2,026.17
Other financial liabilities	640.60	-	-	640.60
Total non derivative financial liabilities	2,666.77	-	-	2,666.77
Total derivative liabilities	-	-	-	-

(ii) Undrawn borrowing facilities

The Company has following undrawn facilities:	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Floating rate - foreign currency term loan	7,692.30	-
Fixed rate - term loan	2,771.05	-

(c) Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk, b) Interest rates risk and c) Other price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arise from recognized assets and liabilities, when they are denominated in a currency other than functional currency of the Company. The Company imports certain raw materials and spare parts used in manufacturing and therefore is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US-dollar ("USD"). Company's exposure to foreign currency risk due to operation is very limited and it always ensures that the such exposure is within the approved limit for which Company does not require to hedge through derivatives. However, for foreign currency variable interest rate denominated borrowings the companies risk management policy is to hedge 100% of the exposure using cross currency interest rate swaps. Under the Company's policy, the critical term of the cross currency interest rate swaps must align the hedged item.

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

The Company's unhedged foreign currency exposure at the end of the reporting period expressed in ₹, are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Financial liabilities		
Payable (Trade payable) - (USD 4.13 lakhs; as at March 31, 2018 USD NIL)	288.46	-
Net exposure to foreign currency risk (liabilities)	288.46	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

	₹ in lakhs	
	Impact on profit before tax	
	Year ended March 31, 2019	Year ended March 31, 2018
FX rate – increase by 5% on closing rate on reporting date*	(14.42)	-
FX rate– decrease by 5% on closing rate on reporting date *	14.42	-

* Holding all other variables constant

The above amounts have been disclosed based on the accounting policy for exchange differences.

(ii) Interest rate risks

The Company's interest risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company's policy is to maintain most of its borrowing at fixed rates using floating to fixed interest rate swaps. The Company enters into long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. As at March 31, 2019, the Company's borrowing at variable rate was denominated in USD (March 31, 2018 - NIL).

(a) Interest rate risk exposures

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Fixed rate borrowings#	6,988.02	-
Fixed rate borrowings	1,000.00	-
	7,988.02	-

#This borrowing has been converted to fixed rate borrowings through cross currency interest swaps using floating to fixed interest rate swap.

(b) Sensitivity

The Company is not exposed to significant interest rate risk due to fixed rate borrowings existing as at March 31, 2019.

(iii) Foreign currency and interest rate risks

During the year, the Company has taken cross currency interest rate swaps (CCIRS) for hedging its foreign currency and interest rate risks related to external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risk and does the mark to market value is determined for both the risks together. The details of derivative financial instruments at the end of the reporting period expressed in ₹, are as follows:



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

Particulars	Currency	As at March 31, 2019	
		Amount in foreign Currency (In lakhs)	Fair value loss (₹ in lakhs)
Derivative liability designated as hedge - net settled			
Cross currency interest rate swap	USD	100.00	493.35

The Company did not have any derivatives instrument in the previous year.

Sensitivity

The sensitivity of other comprehensive income before tax due to foreign currency movement and interest rate movements is as below:

	Year ended March 31, 2019	
FX rate – increase by 5% on closing rate on reporting date*		556.91
FX rate– decrease by 5% on closing rate on reporting date *	(556.91)	
Interest rates - increase by 50 bps on closing rate on reporting date *		134.69
Interest rates - decrease by 50 bps on closing rate on reporting date *	(136.00)	

* Holding all other variables constant

(iv) Other price risks

The Company is exposed to equity price risks arising from equity investments. These investments are subject to changes in the market price of securities. Equity investments are held for strategic purpose rather than for trading purposes. The Company does not actively trade in these investments.

Sensitivity

If equity prices had been 10% higher / lower, other comprehensive income before tax for the year ended March 31, 2019 would increase / decrease by ₹ 1,835 lakhs (Year ended March 31, 2018: increase / decrease by ₹ 1,828 lakhs) as a result of the changes in fair value of shares measured at FVOCI.

(a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2019

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument	Maturity date	Hedge ratio*	Weighted average strike price/rate	Changes in fair value of hedging instrument (loss)	Change in the value of hedged item used as the basis for recognising hedge effectiveness
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Derivative liabilities designated as cash flow hedge

Foreign exchange risk and interest rate risk

Cross currency interest rate swap	7,054.00	493.35	June 6, 2020 to March 6, 2021	1:1	\$1 = ₹ 70.54 8.55%	(493.35)	493.35
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The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Therefore, the hedge ratio is 1:1.

The Company did not have any hedged instruments in the previous year.

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**(b) Disclosure of effects of hedge accounting on financial performance**

As at March 31, 2019					₹ in lakhs
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification	
Cash flow hedge					
Cross currency interest rate swap	(493.35)	-	84.83	Finance cost of ₹ 23.83 lakhs and foreign exchange gain under other income of ₹ 61.00 lakhs	

The Company did not have any hedged instruments in the previous year.

₹ in lakhs

Movements in cash flow hedging reserve

Risk category

Derivative instruments

Cross currency interest rate swap

Cash flow hedging reserve

As at April 1, 2018

Add: Changes in fair value of CCIRS 493.35

Less: Amounts reclassified to profit or loss (84.83)

Less: Deferred tax relating to above (net) (142.75)

As at March 31, 2019 **265.77**

Hedge ineffectiveness

The Company's hedging policy only allows for effective hedge relationships to be established.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

The Company enters into cross currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, repayment dates, maturities and notional amount as all critical terms matched during the year, the economic relationship was 100% effective. There was no ineffectiveness during the financial year ended March 31, 2019.

Note 36: Capital Management**(a) Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. Gearing ratio is determined as net debt (total borrowings net of cash and cash equivalents) divided by total 'equity'.



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs
	As at March 31, 2019
The gearing ratios were as follows:	
Total debt	7,988.02
Less: Cash and cash equivalent	1,076.68
Net debt	6,911.34
Total equity	61,509.18
Net debt to equity ratio	11.24%

The Company was a zero debt company with no long term borrowings as at March 31, 2018.

(i) Loan covenants

The Company is regular in payment of its debts service obligation and the Company has not received any communication from lender for non compliance of any debts covenants.

(b) Dividends

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
(i) Equity shares	3,735.55	1,953.98
Final dividend for the year ended March 31, 2018 of ₹ 65 (March 31, 2017 - ₹ 34) per fully paid share		
Dividend Distribution Tax (DDT) on final dividend	767.86	397.79
(ii) Dividends not recognised at the end of the reporting period	3,735.55	3,735.55
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 65 per fully paid equity share (March 31, 2018 - ₹ 65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		
Dividend Distribution Tax (DDT) on proposed dividend	767.86	767.86

Note 37 : Leases

Operating lease arrangements

The Company has entered into non-cancellable operating lease arrangements for certain motor vehicles for a period of four years. Total rental expenses relating to operating leases recognised in statement of profit and loss is ₹ 46.25 lakhs (Previous year: ₹ 54.31 lakhs).

	₹ in lakhs	
	March 31, 2019	March 31, 2018
Non-cancellable operating lease commitments		
Within one year	11.85	16.21
Later than one year and not later than 5 years	13.63	31.39
Later than 5 years	-	-

Note 38 : Earning per share

Basic and diluted earnings per share

Profit for the year (₹ in lakhs)	15,303.33	9,511.67
Weighted average number of equity shares	5,747,000	5,747,000
Basic and diluted earnings per share (₹)	266.28	165.51
Face value per share (₹)	10.00	10.00

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**Note 39 : Segment reporting**

The CEO & Director reviews the Company's performance. Presently, the Company is engaged in only one segment viz 'Manufacturing of peroxygens' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

Information about major customers

Revenue for the year ended March 31, 2019 and March 31, 2018 were from customers located in India. Customers include private distribution entities. No single customer of the Company accounts for 10% or more of total revenue.

Note 40: Contingent liabilities and commitments

₹ in lakhs
March 31, 2019 March 31, 2018

(a) Contingent Liabilities:**(i) Claims against the Company not acknowledged as debt:**

Sales tax demand	38.90	287.18
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(ii) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

(b) Commitments:

(i) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for ₹ 8,698.15 lakhs (March 31, 2018 ₹ 4,918.62 lakhs).

(ii) Other commitment:

The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. GAIL has the discretion to waive off the Take or Pay charges. A request for supply of Make Up gas can be made by the Company corresponding to Take or Pay deficiencies which are outstanding and for which the Company would pay to GAIL at the time of annual program.

(iii) For lease commitment, refer note 37.



Notes to the financial statements for the year ended March 31, 2019 (Contd.)

Note 41 : Employee benefit obligations

The Company has classified various employee benefits as under:

(a) Leave Obligations

The leave obligations cover the Company's liability for sick and privileged leave

Provision for leave encashment	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Current	118.55	130.41
Non-current	176.87	199.16

(b) Defined Contribution Plan

- (i) Provident fund
- (ii) Superannuation fund

The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
(i) Contribution to provident fund	116.31	75.78
(ii) Contribution to superannuation fund	29.18	47.71

(c) Post employment obligations

Gratuity

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

(i) Significant estimates: actuarial assumptions

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%
Salary escalation rate		
-For management employees	8.00%	10.00%
-For other employees	8.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

The estimates of salary escalation rate considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**(ii) Gratuity Plan**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	₹ in lakhs Net amount
As at April 1, 2018	1,131.76	(1,055.11)	76.65
Current service cost	40.85	-	40.85
Interest expense / (income)	70.08	(64.60)	5.48
Total amount recognised in profit and loss	110.93	(64.60)	46.33
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(26.63)	(26.63)
(Gain) / loss from change in financial assumptions	(31.01)	-	(31.01)
(Gain) / loss from change in demographic assumptions	30.14	-	30.14
Experience (gains) / losses	12.10	-	12.10
Total amount recognised in other comprehensive income	11.23	(26.63)	(15.40)
Employer contributions	-	(76.65)	(76.65)
Benefits payments	(68.03)	68.03	-
As at March 31, 2019	1,185.89	(1,154.96)	30.93
As at April 1, 2017	987.38	(912.49)	74.89
Current service cost	36.08	-	36.08
Past service cost	38.15	-	38.15
Interest expense / (income)	57.43	(52.47)	4.96
Total amount recognised in profit and loss	131.66	(52.47)	79.19
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(31.56)	(31.56)
(Gain) / loss from change in financial assumptions	16.48	-	16.48
(Gain) / loss from change in demographic assumptions	(23.35)	-	(23.35)
Experience (gains) / losses	35.89	-	35.89
Total amount recognised in other comprehensive income	29.02	(31.56)	(2.54)
Employer contributions	-	(74.89)	(74.89)
Benefits payments	(16.30)	16.30	-
As at March 31, 2018	1,131.76	(1,055.11)	76.65

The net liability disclosed above relates to funded plans are as follows:

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Present value of funded obligations	1,185.89	1,131.76
Fair value of plan assets	(1,154.96)	(1,055.11)
Deficit of gratuity plan	30.93	76.65
Current portion	30.93	76.65
Non-current portion	-	-



Notes to the financial statements for the year ended March 31, 2019 (Contd.)

(iii) Sensitivity analysis

Significant estimates: Sensitivity of actuarial assumptions

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	-1.71%	-1.64%	1.79%	1.72%
Salary escalation rate	0.50%	0.50%	1.77%	1.69%	-1.70%	-1.63%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The above defined benefit gratuity plan was administrated 100% by a trust as at March 31, 2019 and March 31, 2018.

(v) Defined benefit liability and employer contributions

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 4.37 years (March 31, 2018 – 4.25 years).

(vi) Risk exposure

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(vii) Category of plan asset

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Amount	in %	Amount	in %
Government debt instruments	325.96	27%	322.45	31%
Other debt instruments	613.04	51%	658.99	62%
Insurer managed funds	-	0%	-	0%
Others	270.65	22%	73.67	7%
Total	1,209.65	100%	1,055.11	100%

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**(viii) Projected cash flow**

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018
Less than a year	481.43	431.28
Between 1-2 years	246.66	154.29
Between 2-5 years	259.4	357.08
Between 5-9 years	374.12	351.25
10 years and above	325.84	286.14

Pension

The Company operates a defined benefit pension plan. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. The Company does not contribute annually to any trust or a fund towards the liability under the plan, this plan is unfunded.

(i) Significant estimates: actuarial assumptions

Valuations in respect of pension have been carried out by an independent actuary, as at the Balance Sheet date

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%
Salary escalation rate	8.00%	7.00%
Pension increase rate	0.00%	0.00%

(ii) Pension Plan

₹ in lakhs

	Present value of obligation
As at April 1, 2018	66.37
Current service cost	5.00
Interest expense / (income)	4.67
Total amount recognised in profit and loss	9.67
Remeasurements	
(Gain) / loss from change in financial assumptions	-
(Gain) / loss from change in demographic assumptions	13.25
Experience (gains) / losses	(1.27)
Total amount recognised in other comprehensive income	11.98
Benefits payment	(10.08)
As at March 31, 2019	77.94

₹ in lakhs

	Present value of obligation
As at April 1, 2017	80.69
Current service cost	9.06
Interest expense / (income)	5.40
Total amount recognised in profit and loss	14.46
Remeasurements	
(Gain) / loss from change in financial assumptions	(1.67)
(Gain) / loss from change in demographic assumptions	(11.91)
Experience (gains) / losses	(5.12)
Total amount recognised in other comprehensive income	(18.70)
Benefits payment	(10.08)
As at March 31, 2018	66.37



Notes to the financial statements for the year ended March 31, 2019 (Contd.)

The net liability disclosed above relates to funded plans are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	77.94	66.37
Deficit of pension plan	77.94	66.37
Current portion	8.71	10.74
Non-current portion	69.24	55.63

(iii) Sensitivity analysis

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	-2.50%	-2.17%	2.63%	2.28%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) Risk exposure

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(v) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 5.13 years (March 31, 2018 – 4.45 years).

(vi) Projected cash flow

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Less than a year	8.71	10.74
Between 1-2 years	8.50	8.64
Between 2-5 years	26.32	24.23
Between 5-9 years	35.76	25.29
10 years and above	47.40	32.71

Notes to the financial statements for the year ended March 31, 2019 (Contd.)**Provident Fund**

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Company measures its liability towards provident fund through actuarial valuation using 'projected credit unit method'. In case of net assets, assets are recognised to the extent of liability only.

(i) Significant estimates: actuarial assumptions

Valuations in respect of provident fund have been carried out by an independent actuary, as at the Balance Sheet date

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%

(ii) Provident fund plan

	₹ in lakhs		
	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	531.52	(531.52)	-
Current service cost	19.51	-	19.51
Interest expense / (income)	37.87	(37.87)	-
Interest on net defined benefit liability / assets	57.38	(37.87)	19.51
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(2.95)	(2.95)
(Gain) / loss from change in financial assumptions	6.88	-	6.88
(Gain) / loss from change in demographic assumptions	-	-	-
Experience (gains) / losses	2.95	-	2.95
Total amount recognised in other comprehensive income	9.83	(2.95)	6.88
Employer's contributions	-	(19.51)	(19.51)
Employee's contributions	20.23	(20.23)	-
Benefits payment	(35.33)	35.33	-
As at March 31, 2018	583.63	(576.75)	6.88
As at April 1, 2018	583.63	(576.75)	6.88
Current service cost	7.22	-	7.22
Interest expense / (income)	44.34	(44.34)	-
Interest on net defined benefit liability / assets	51.56	(44.34)	7.22
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	0.88	0.88
(Gain) / loss from change in financial assumptions	(7.31)	-	-7.31
(Gain) / loss from change in demographic assumptions	-	-	-
Experience (gains) / losses	(0.45)	-	-0.45
Total amount recognised in other comprehensive income	(7.76)	0.88	(6.88)
Employer's contributions	7.82	(7.22)	0.60
Employee's contributions	-	(7.82)	-7.82
Benefits payment	(22.54)	22.54	-
As at March 31, 2019	612.71	(612.71)	-



Notes to the financial statements for the year ended March 31, 2019 (Contd.)

The net liability disclosed above relates to funded plans are as follows:

	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	612.71	583.63
Fair value of plan assets	(612.71)	(576.75)
Deficit of provident fund plan	-	6.88
Current portion		-
Non-current portion	-	6.88

(iii) Sensitivity analysis

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is

	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	2.11%	2.85%	0.00%	-1.18%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The above defined benefit plan was administrated 100% by a trust as at March 31, 2019 and March 31, 2018

(v) Defined benefit liability and employer contributions

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration to payment is 8.85 years (March 31, 2018 – 7.90 years).

(vi) The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

(vii) Category of plan asset

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Amount	in %	Amount	in %
Government debt instruments	205.59	34	206.15	36
Other debt instruments	259.45	42	312.71	54
Entity's own equity instruments	14.31	2	14.31	2
Others	133.36	22	43.58	8
Total	612.71	100	576.75	100

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

Note 42: Related party transactions

As per Indian Accounting Standard 24 (Ind AS 24) 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Company's related parties and transactions are disclosed below:

(A) Enterprises exercising control

Ultimate holding entity - Ben Nevis Investments Limited (Refer note 16)

Parent entity - Nowrosjee Wadia and Sons Limited (Refer note 16)

(B) Enterprises where control exists

Subsidiary company - Naperol Investments Limited

(C) Key management personnel

Mr. S. R. Lohokare, Managing Director (up to December 15, 2017)

Mr. Suresh Khurana, Chief Executive Officer and Director (w.e.f. December 15, 2017)

Non-executive Directors

Mr. Ness N. Wadia - Chairman

Dr (Mrs.) Minnie Bodhanwala

Independent Directors

Mr. R. Batra

Mr. N. P. Ghanekar

Mr. S. Ragothaman

(D) Enterprises controlled by the parent entity and with whom transactions were carried out during the year

Wadia Techno Engineering Limited

Macrofil Investments Limited (Refer Note 16)*

The Bombay Burmah Trading Corporation Limited

*The entity was exercising significant influence over the Company till August 2, 2017.

(E) Employee benefits plans and with whom transactions were carried out during the year

National Peroxide Limited Employees' Provident Fund

National Peroxide Limited Employees' Gratuity Fund

(F) Enterprises over which key managerial personnel have significant influence and with whom transactions were carried out during the year

Sir Ness Wadia Foundation

Nowrosjee Wadia Maternity Hospital



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

(G) Details of transactions during the year:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Inter corporate deposit given		
Nowrosjee Wadia and Sons Limited	-	3,000.00
Wadia Techno Engineering Limited	350.00	500.00
Repayment of Inter corporate deposit given		
Nowrosjee Wadia and Sons Limited	3,000.00	-
Interest income on intercorporate deposit		
Nowrosjee Wadia and Sons Limited	189.86	282.53
Wadia Techno Engineering Limited	60.40	46.23
Macrofil Investments Limited	300.00	375.00
Dividend income		
The Bombay Burmah Trading Corporation	12.52	12.52
Miscellaneous Expenses		
Nowrosjee Wadia and Sons Limited	140.60	114.67
Reimbursement of expenses		
Nowrosjee Wadia and Sons Limited	54.64	78.77
Bombay Burmah Trading Corporation Limited	1.89	-
Britannia Industries Ltd	0.51	-
Expenditure on CSR		
Sir Ness Wadia Foundation	25.50	72.00
Nowrosjee Wadia Maternity Hospital	144.50	-
(H) Compensation to key managerial personnel		
<u>Mr. S. R. Lohokare</u>		
Short term employee benefits	-	186.93
Post employment benefits**	-	27.38
<u>Mr. Suresh Khurana</u>		
Short term employee benefits	194.53	65.32
Post employment benefits**	16.07	4.69
** As the liabilities for defined benefit plans are provided on actuarial basis for the Company the amounts pertaining to Key Managerial Personnel are not included.		
(I) Commission to Non-Executive Directors#	234.00	149.00
# During the year, the Company has paid commission of ₹ 90 lakhs to non-executive directors relating to previous year and the balance amount of ₹ 59 lakhs is written back.		

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
(J) Director Sitting fees to Non-Executive Directors	22.00	17.60
(K) Contribution to employee benefit plans		
National Peroxide Limited Employees' Provident Fund	7.22	19.51
National Peroxide Limited Employees' Gratuity Fund	76.65	74.89
(L) Balances with related parties as at the year end:		
	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Intercorporate deposits to related party		
Nowrosjee Wadia and Sons Limited	-	3,000.00
Wadia Techno Engineering Limited	850.00	500.00
Macrofil Investments Limited	3,000.00	3,000.00
Interest accrued but not due on deposits		
Wadia Techno Engineering Limited	-	41.61
Investments		
Naperol Investments Limited	25.50	25.50
The Bombay Burmah Trading Corporation	16,269.83	14,660.76
Trade Payables		
Nowrosjee Wadia and Sons Limited	11.78	61.40
Contributions Made		
National Peroxide Limited Employees' Provident Fund	612.71	576.75
National Peroxide Limited Employees' Gratuity Fund	1,154.96	1,055.11
Payable to Key managerial personnel		
Mr. Suresh Khurana	66.53	70.01

Note 43: Changes in accounting policies:**Impact on the financial statements**

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018 and has elected to apply the revenue standard only to contracts that are not completed as at the date of initial application. Comparative prior period has not been adjusted. The adoption of Ind AS 115 did not have any significant financial impact on the financial statements and accordingly, no adjustments are made to the amounts recognised in the financial statements.



National Peroxide Limited

Notes to the financial statements for the year ended March 31, 2019 (Contd.)

The following table presents the amounts by which each financial statement line item is affected in the current year ended March 31, 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Balance sheet (extracts)	₹ in lakhs		
	March 31, 2019 without adoption of Ind AS 115	Increase / (decrease)	March 31, 2019 as reported
Other current liabilities			
Other current liabilities - advances received from customers	15.86	(15.86)	-
Contract liabilities	-	15.86	15.86

Presentation of liabilities related to contracts with customers

The Company has changed the presentation of contract liability in the balance sheet to reflect the terminology of Ind AS 115. Contract liabilities in relation to the advance received from customers before the Company transfers goods were previously in other current liabilities - advance received from customers.

Note 44: The financial statement were authorised for issue by the Board of Directors on May 17, 2019.

Note 45: The figures for the previous year have been reclassified /regrouped wherever necessary for better understanding and comparability.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Asha Ramanathan
Partner
Membership No. 202660

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

NESS N. WADIA
Chairman
DIN: 00036049

S. RAGOTHAMAN
Director
DIN: 00042395

CONRAD FERNANDES
Chief Financial Officer

R. BATRA
Director
DIN: 00020764

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

CHANDUKUMAR PARMAR
Company Secretary

N. P. GHANEKAR
Director
DIN: 00009725

INDEPENDENT AUDITOR'S REPORT

To the Members of National Peroxide Limited

Report on the audit of the Consolidated Financial Statements

Opinion

- We have audited the accompanying consolidated financial statements of National Peroxide Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), (refer Note 2.1 [b] to the attached consolidated financial statements), which comprise the consolidated balance sheet as at March 31, 2019 and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India, in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 14 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>i) Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment (Refer to Note 3 and Note 7 of the consolidated financial statements):</p> <p>The Company has an expansion plan of its 150 KTPA plant.</p> <p>The Company has spent ₹ 9,314.40 lakhs towards capital work in progress and capital advances till March 31, 2019.</p> <p>Given the significance of the capital expenditure during the year, there are risks pertaining to the appropriateness of the capital expenditure and incorrect accumulation of revenue expenditure as capital expenditure in line with the criteria of Ind AS 16 'Property, Plant and Equipment'.</p>	<p>Our procedures in relation to appropriateness of capitalisation of costs as per Ind AS 16 included the following:</p> <p>We evaluated the Board approval for the expansion of 150 KTPA Plant.</p> <p>Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property Plant and Equipment.</p> <p>Performed test of details relating to capital acquisition process i.e. quotation/ vendor selection, invoice and purchase order approvals and classification.</p> <p>Performed test of details with focus on those items (example internally generated cost, borrowing costs etc.) that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in Ind AS 16 in this regard.</p> <p>Tested other costs debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalisation.</p> <p>Ensured adequacy of disclosures in the consolidated financial statements.</p> <p>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalized.</p>



Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our and other auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the consolidated financial statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the holding company, as aforesaid.
7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the consolidated financial statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 55,916.07 lakhs and net assets of ₹ 55,894.85 lakhs as at March 31, 2019, total revenue of ₹ 77.74 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 5,068.49 lakhs and net cash flows amounting to ₹ (1.11) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act including report on other information insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

15. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Holding Company and its subsidiary included in the group so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained by the Holding Company and its subsidiary included in the group for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.



National Peroxide Limited

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group – Refer Note 40 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019 – Refer Note 19 to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. During the year ended March 31, 2019, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company incorporated in India.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Asha Ramanathan
Partner
Membership Number: 202660

Place: Mumbai
Date: May 17, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the consolidated financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statement under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of National Peroxide Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls with reference to financial statements issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls with reference to financial statements (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal financial controls with reference to financial statements

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal financial controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls with reference to financial statements issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 023754N/N500016

Mumbai
May 17, 2019

Asha Ramanathan
Partner
Membership Number: 202660



National Peroxide Limited

Consolidated Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019	₹ in lakhs As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	16,574.69	16,965.25
Capital work-in-progress	3	7,540.39	563.98
Financial assets			
(i) Investments	4	74,263.26	69,124.68
(ii) Loans	5	40.35	40.35
Income tax assets (net)	6	320.66	298.38
Other non-current assets	7	2,156.12	1,316.67
Total non-current assets		100,895.47	88,309.31
Current assets			
Inventories	8	3,180.63	1,472.70
Financial assets			
(i) Investments	9	783.80	7,037.21
(ii) Trade receivables	10	3,059.38	5,325.04
(iii) Cash and cash equivalents	11	1,078.99	320.95
(iv) Bank balances other than (iii) above	12	421.13	49.23
(v) Loans	13	23,894.87	6,524.34
(vi) Other financial assets	14	88.54	41.63
Other current assets	15	776.50	196.76
Total current assets		33,283.84	20,967.86
Total assets		134,179.31	109,277.17
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	574.70	574.70
Other equity	17	116,803.83	101,110.99
Total equity		117,378.53	101,685.69
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	6,968.81	-
(ii) Other financial liabilities	19	493.35	-
Deferred tax liabilities (net)	6	3,238.71	3,396.57
Provisions	20	246.11	254.79
Total non-current liabilities		10,946.98	3,651.36
Current liabilities			
Financial liabilities			
(i) Borrowings	21	1,000.00	-
(ii) Trade payables	22		
(a) total outstanding dues of micro enterprises and small enterprises; and		4.30	-
(b) total outstanding dues of creditors other than (ii) (a) above		2,394.28	2,027.03
(iii) Other financial liabilities	23	1,483.77	640.60
Contract liabilities		15.86	-
Other current liabilities	24	121.50	697.68
Provisions	25	158.18	217.80
Income tax liabilities (net)	6	675.91	357.01
Total current liabilities		5,853.80	3,940.12
Total liabilities		16,800.78	7,591.48
Total equity and liabilities		134,179.31	109,277.17

Basis of Preparation and Significant accounting policies

2

The above consolidated Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

NESS N. WADIA
Chairman
DIN: 00036049

S. RAGOTHAMAN
Director
DIN: 00042395

ASHA RAMANATHAN
Partner
Membership No. 202660

CONRAD FERNANDES
Chief Financial Officer

R. BATRA
Director
DIN: 00020764

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

CHANDUKUMAR PARMAR
Company Secretary

N. P. GHANEKAR
Director
DIN: 00009725

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

		₹ in lakhs	
	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	26	40,227.96	31,485.86
Other income	27	1,910.85	1,013.69
Total income		42,138.81	32,499.55
Expenses			
Cost of raw materials and packing materials consumed	28	10,490.63	8,562.41
Changes in inventories of finished goods	29	(1,822.38)	(331.40)
Excise duty		-	855.17
Power, fuel and water		3,277.56	2,711.74
Employee benefit expenses	30	2,360.64	2,255.10
Finance costs	31	73.09	50.59
Depreciation	3	923.15	919.16
Other expenses	32	3,234.20	2,885.23
Total expenses		18,536.89	17,908.00
Profit before exceptional items and tax		23,601.92	14,591.55
Exceptional items (credit)	33	-	(105.92)
Profit before tax		23,601.92	14,697.47
Income tax expense	6		
Current tax		8,215.25	4,212.71
Deferred tax		6.99	901.05
Total tax expense		8,222.24	5,113.76
Profit for the year attributable to owners of the company		15,379.68	9,583.71
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligations		3.42	15.92
Changes in fair value of equity instruments at FVOCI		5,062.20	20,308.07
Income tax relating to these items		16.72	(29.08)
Items that will be reclassified to profit or loss			
Effective portion of losses on cash flow hedge		(408.52)	-
Income tax relating to these items		142.75	-
Other comprehensive income for the year, net of tax attributable to owners of the Company		4,816.57	20,294.91
Total comprehensive income for the year, net of tax attributable to owners of the Company		20,196.25	29,878.62
Earnings per equity share			
Basic and diluted earnings per share	38	267.61	166.76
Basis of Preparation and Significant accounting policies	2		

The above consolidated statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

ASHA RAMANATHAN
Partner
Membership No. 202660

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

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DIN: 00042395

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019



National Peroxide Limited

Consolidated Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital (Refer note 16)

	₹ in lakhs
As at April 1, 2017	574.70
Changes in equity share capital	-
As at March 31, 2018	574.70
Changes in equity share capital	-
As at March 31, 2019	574.70

B. Other equity

Notes	Attributable to owners of the Group						Total other equity	
	Reserves and surplus				Other reserves			
	General reserve	Capital Redemption Reserve	Special Under section 451C of RBI Act, 1934	Retained earnings	FVOCI - Equity instruments	Cash flow hedging reserves		
Balance at April 1, 2017	3,362.40	0.02	134.50	22,012.43	48,074.80	-	73,584.15	
Profit for the year	-	-	-	9,583.71	-	-	9,583.71	
Other comprehensive income for the year	-	-	-	10.36	20,284.55	-	20,294.91	
Total comprehensive income for the year	-	-	-	9,594.07	20,284.55	-	29,878.62	
Transfer from retained earnings	4.90	-	9.80	(14.70)	-	-	-	
Transactions with owners in their capacity as owners:								
Dividend paid	36b	-	-	(1,953.98)	-	-	(1,953.98)	
Dividend distribution tax	36b	-	-	(397.79)	-	-	(397.79)	
Balance at March 31, 2018	17	3,367.30	0.02	144.30	29,240.02	68,359.35	-	101,110.99
Balance at April 1, 2018	17	3,367.30	0.02	144.30	29,240.02	68,359.35	-	101,110.99
Profit for the year		-	-	15,379.68	-	-	15,379.68	
Other comprehensive income for the year		-	-	2.23	5,080.11	(265.77)	4,816.57	
Total comprehensive income for the year		-	-	15,381.91	5,080.11	(265.77)	20,196.25	
Transfer from retained earnings		4.99	-	9.99	(14.98)	-	-	
Transactions with owners in their capacity as owners:								
Dividend paid	36b	-	-	(3,735.55)	-	-	(3,735.55)	
Dividend distribution tax	36b	-	-	(767.86)	-	-	(767.86)	
Balance at March 31, 2019	17	3,372.29	0.02	154.29	40,103.54	73,439.46	(265.77)	116,803.83

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

NESS N. WADIA
Chairman
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Director
DIN: 00422067

Mumbai, May 17, 2019

CHANDUKUMAR PARMAR
Company Secretary

N. P. GHANEKAR
Director
DIN: 00009725

Consolidated Statement of Cash Flow for the year ended March 31, 2019

	Year ended March 31, 2019	₹ in lakhs Year ended March 31, 2018
Cash flow from operating activities		
Profit before income tax	23,601.92	14,697.47
Adjustments for:		
Depreciation	923.15	919.16
Loss on disposal of property, plant and equipment	51.29	2.63
Finance costs	73.09	50.59
Interest income classified as investing cash flows	(1,628.28)	(712.90)
Dividend income classified as investing cash flows	(96.57)	(102.79)
Fair value gain on investments (including gain on sale of investments) measured at FVTPL	(163.05)	(202.46)
Net exchange differences	(9.03)	-
Loss allowance	-	38.15
Operating profit before working capital changes	22,752.52	14,689.85
Change in operating assets and liabilities		
(Increase) / decrease in trade receivables	2,265.66	(2,046.41)
(Increase) in inventories	(1,707.93)	(361.98)
Decrease in non-current financial asset	-	0.55
(Increase) / decrease in current financial asset	(20.53)	4.28
Decrease in other non-current assets	298.30	95.96
Decrease in other financial assets	0.02	56.24
(Increase) / decrease in other current assets	(579.74)	72.45
Increase in trade payable	380.52	103.57
(Decrease) in provision	(64.87)	(28.46)
Increase / (decrease) in other current financial liabilities	(35.44)	250.18
Increase in other liabilities	(576.18)	645.68
Increase in contract liabilities	15.86	-
Cash generated from operations	22,728.19	13,481.91
Income taxes paid (net)	(7,924.01)	(4,010.43)
Net cash inflow by operating activities	14,804.18	9,471.48
Cash flows from investing activities		
Payment for purchase of investments	(31,144.85)	(21,204.20)
Proceeds from sale of investments	37,484.90	19,320.02
Interest received	1,581.35	708.73
Dividends received	96.57	102.79
Payments for property, plant and equipment (including capital work-in-progress and advances)	(7,808.49)	(1,095.11)
Proceeds from sale of property, plant and equipment	-	41.38
Intercompany deposits given to related party	(350.00)	(3,500.00)
Receipt of intercompany deposits given to related party	3,000.00	-
Intercompany deposits given to other Company	(20,000.00)	-
Movement in bank balances which are not considered as cash and cash equivalents	(371.90)	(10.83)
Net cash outflow from investing activities	(17,512.42)	(5,637.21)
Cash flows from financing activities		
Proceeds from / (repayment of) short term borrowings	1,000.00	(105.33)
(Repayment) of long term borrowings	-	(1,000.00)
Proceeds from long term borrowings	7,029.00	-
Dividends paid to company shareholders (including DDT)	(4,489.63)	(2,340.94)
Interest paid	(73.09)	(75.18)
Net cash inflow/(outflow) from financing activities	3,466.28	(3,521.45)
Net increase in cash and cash equivalents	758.04	312.82
Cash and cash equivalents at the beginning of the year	320.95	8.13
Cash and cash equivalents at the end of the year	1,078.99	320.95

The above consolidated statement of Cash Flow should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

NESS N. WADIA
Chairman
DIN: 00036049

S. RAGOTHAMAN
Director
DIN: 00042395

ASHA RAMANATHAN
Partner
Membership No. 202660

CONRAD FERNANDES
Chief Financial Officer

R. BATRA
Director
DIN: 00020764

MINNIE BODHANWALA
Director
DIN: 00422067

Mumbai, May 17, 2019

CHANDUKUMAR PARMAR
Company Secretary

N. P. GHANEKAR
Director
DIN: 00009725



Notes to the consolidated financial statements for the year ended March 31, 2019

1) General information:

National Peroxide Limited (“NPL”, “Company”) and its subsidiary company comprise the Group. National Peroxide Limited is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai. NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 95 KTPA on 50% w/w. basis. Company’s registered office is situated at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

2) Significant accounting policies and critical estimates and judgments:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of National Peroxide Limited (the Company) and its subsidiary.

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on historical cost basis, except for the following:

- Certain financial assets and financial liabilities are measured at fair value (including derivative instruments);
- Defined benefit plans – plan assets are measured at fair value;

(iii) New and amended standards adopted by the group

The group has applied following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

Ind AS 115, Revenue from Contracts with Customers

The Group has adopted Ind AS 115, Revenue from Contracts with Customers, effective April 1, 2018, on a modified retrospective basis, applying the standard to all contracts that are not completed as such date. The adoption of Ind AS 115 did not have any significant financial impact and accordingly, no adjustments are made to the amounts recognised in the consolidated financial statements. The adoption has resulted in changes to accounting policies and mandated certain disclosures. Refer note no (d) below for accounting policies and note no 43 for related disclosures

Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

This amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendment to Ind AS 12, Income Taxes

This amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Standards issued but not effective

Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Where a contract meets Ind AS 116's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a lease liability for future lease payables.

In the Consolidated Statement of Profit and Loss, lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. In the consolidated cash flow statement, cash payments for the principal portion of the lease liability and its related interest are classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

The group is in the process of evaluating the impact of adoption of Ind AS 116 on its consolidated financial statements and will accordingly consider the same from period beginning April 1, 2019.

Other amendments

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as below, as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. These other amendments come into force on 1 April 2019.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' - The appendix explains how to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits' - The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. The Group must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

Ind AS 12, 'Income Taxes' - The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Ind AS 23, 'Borrowing Costs' - The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The effective date for adoption of amendments as per Companies (Indian Accounting Standards) Second Amendment Rules, 2019 is annual periods beginning on or after April 1, 2019. The group will adopt the standard on April 1, 2019 and is in the process of evaluating the impact on account of above amendment on its consolidated financial statements and will accordingly consider the same from period beginning April 1, 2019.

(v) Current vis-à-vis non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current / non-current basis".

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Deferred tax assets and liabilities, and all assets and liabilities which are not current are classified as non-current assets and liabilities.



National Peroxide Limited

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

(b) Principles of consolidation

- (i) Subsidiary is the entity over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
- (ai) The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.
- (bi) The financial statements of the subsidiary used in consolidation is drawn up to the same reporting date as that of the parent company i.e. year ended March 31, 2019.
- (iv) Following Subsidiary has been considered in the preparation of consolidated financial statements:

Name of the Company	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary as at 31.03.2019 and 31.03.2018
Naperol Investments Limited	India	100%

(c) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The Chief Executive Officer and Director of National Peroxide Limited has been identified as CODM and he is responsible for allocating resources, assess the financial performance of the group and make strategic decisions.

The group has identified one reportable segment 'manufacturing of peroxygens' based on information reviewed by the CODM.

(d) Foreign currency translation:

(i) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Indian ₹' (INR), which is the group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on nonmonetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

(e) Revenue recognition and other income recognition:

Revenue from sale of goods

Revenue is generated primarily from sale of peroxygens. Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the group expects to receive from customers that is inclusive of excise duty and net of trade discounts, rebates and state value added tax, service tax and goods and service tax (GST).

A contract liability is the obligation to transfer goods to the customer for which the group has received consideration from the customer. Contract liabilities are recognised as revenue when the group performs under the contract.

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

(f) Income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group, as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless, the payments are structured to increase in line with expected general inflation, to compensate for the lessor's expected inflationary cost increases.



(h) Impairment of non-financial assets:

Assets are tested for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and Cash Equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance sheet.

(j) Trade Receivables:

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(k) Inventories:

Inventories are valued at lower of cost and net realisable value. In the case of raw materials, packing materials and stores and spares 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 includes all costs of purchases, direct materials, direct labour and appropriate proportion of variable and fixed overheads expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(l) Investments and other financial assets:

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the group measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit or Loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition

is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the Consolidated Statement of Profit and Loss.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in Consolidated Statement of Profit and Loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The group subsequently measures all equity investments at fair value. The group's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in the Consolidated Statement of Profit and Loss as other income when the group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the Consolidated Statement of Profit and Loss. Impairment losses (and reversal of impairment losses), if any on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Derivatives and hedging activity

The group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks such as cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The group designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The group has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the



National Peroxide Limited

recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(b) Fair value hedges that qualify for hedge accounting

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(c) Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(iv) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109- 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when:

- The group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(m) Offsetting Financial Instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(n) Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Transition to Ind AS:

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management which is in line with those specified by Schedule II to the Companies Act, 2013.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

(o) Trade and other payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months of reporting period. Trade and other payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.



National Peroxide Limited

(q) **Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(r) **Provisions and Contingent Liabilities:**

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

(s) **Employee benefits:**

(i) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) **Post employee obligations**

The group operates the following post-employment schemes:

- defined benefit plans such as gratuity, pension and provident fund contributions made to a trust in case of certain employees
- defined contribution plans such as provident fund and superannuation fund.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund contributions made to a trust administered by the Company

In respect of certain employees, provident fund contributions are made to a trust administered by the group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by

the group. The liability in respect of the shortfall of the interest earnings of the fund is determined on the basis of actuarial valuation.

Defined contribution plans

The group pays provident fund contributions to publicly administered provident funds as per local regulations and superannuation contributions to superannuation fund. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due

(iii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(t) Contributed equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(u) Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share:

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Rounding of Amounts:

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.2 Critical accounting estimates and judgements:

The preparation of consolidated financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items, which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed.

• Estimation of useful life

Useful lives of property, plant and equipment are based on the management's estimation. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013.



National Peroxide Limited

The useful lives of group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

- **Estimation of defined benefit obligation**

The present value of obligations under defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations, attrition rate and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 41 for the details of the assumptions used in estimating the defined benefit obligation.

- **Impairment of trade receivables**

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

- **Fair value measurements and valuation processes**

Some of the assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. Refer note 34.

Notes to the consolidated financial statements for the year ended March 31, 2019**Note 3 : Property, plant and equipment**

	₹ in lakhs							
	Freehold land	Freehold Building	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Capital Work in Progress
Year ended March 31, 2018								
Gross carrying amount								
Balance at April 1, 2017	5.89	337.53	18,329.83	52.52	14.79	-	18,740.56	168.19
Additions	-	-	2.62	0.11	29.73	29.61	62.07	414.08
Disposals	-	-	(48.22)	-	-	-	(48.22)	-
Transfer	-	-	18.29	-	-	-	18.29	(18.29)
Balance as at March 31, 2018	5.89	337.53	18,302.52	52.63	44.52	29.61	18,772.70	563.98
Accumulated depreciation								
Balance at April 1, 2017	-	41.19	841.52	6.09	3.69	-	892.49	
Depreciation charge during the year	-	38.89	866.17	6.20	7.53	0.37	919.16	
On disposal	-	-	(4.20)	-	-	-	(4.20)	
Balance as at March 31, 2018	-	80.08	1,703.49	12.29	11.22	0.37	1,807.45	
Net carrying amount	5.89	257.45	16,599.03	40.34	33.30	29.24	16,965.25	563.98
Year ended March 31, 2019								
Gross carrying amount								
Balance as at April 1, 2018	5.89	337.53	18,302.52	52.63	44.52	29.61	18,772.70	563.98
Additions	-	-	46.27	2.75	13.60	8.85	71.47	7,488.82
Disposals	-	-	(56.59)	-	-	-	(56.59)	-
Transfer	-	-	512.41	-	-	-	512.41	(512.41)
Balance as at March 31, 2019	5.89	337.53	18,804.61	55.38	58.12	38.46	19,299.99	7,540.39
Accumulated depreciation								
Balance as at April 1, 2018	-	80.08	1,703.49	12.29	11.22	0.37	1,807.45	
Depreciation charge during the year	-	38.88	862.95	5.62	10.02	5.68	923.15	
On disposal	-	-	(5.30)	-	-	-	(5.30)	
Balance as at March 31, 2019	-	118.96	2,561.14	17.91	21.24	6.05	2,725.30	
Net carrying amount	5.89	218.57	16,243.47	37.47	36.88	32.41	16,574.69	7,540.39

- i) Refer note 40(b)(i) for disclosure of contractual commitments for acquisition of property, plant and equipment.
- ii) Capital work in progress as at March 31, 2019 of ₹ 7,540.39 lakhs (March 31, 2018 ₹ 563.98 lakhs) includes cost incurred towards expansion of existing plant of 95 KTPA to 150KTPA located at group's property in Mohone, Kalyan.
- iii) Additions to Capital work in progress during the year includes ₹ 43.93 lakhs (March 31, 2018 Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS) 23 on "Borrowing costs".
- iv) For details of Property, plant and equipment which are pledged as security for borrowings - Refer Note 18 Non - Current financial liabilities - Borrowings and Note 21 Current financial liabilities - Borrowings.
- v) Plant and equipment includes computers gross block ₹ 116.40 lakhs (March 31, 2018 ₹ 77.36 lakhs), accumulated depreciation ₹ 35.32 lakhs (March 31, 2018 ₹ 14.76 lakhs) and written down value ₹ 81.08 lakhs (March 31, 2018 ₹ 62.60 lakhs).



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 4: Non-current financial assets - Investments		
Investments in equity instruments (fully paid up)		
(Quoted Investments) - FVOCI		
1,895,900 (March 31, 2018: 1,895,900) equity shares of The Bombay Dyeing & Manufacturing Company Limited of ₹ 2 each	2,558.52	4,532.15
5,460,600 (March 31, 2018: 5,460,600) equity shares of The Bombay Burmah Trading Corporation Limited of ₹ 2 each	70,949.57	63,932.70
600 (March 31, 2018: 600) equity shares of Housing Development Finance Corporation Limited of ₹ 2 each	11.81	10.95
2,500 (March 31, 2018: 2,500) equity shares of HDFC Bank Limited of ₹ 2 each	57.97	47.15
18 (March 31, 2018: 18) equity share of Larsen Toubro Limited of ₹2 each	0.25	0.16
3,000 (March 31, 2018: 3,000) equity share of Technojet Consultants Limited of ₹10 each	1.60	1.60
60 (March 31, 2018: 60) equity share of ABB Limited of ₹ 2 each	0.79	0.78
56 (March 31, 2018: 56) equity share of Tata Chemicals Limited of ₹10 each	0.33	0.38
50 (March 31, 2018: 50) equity share of Finolex Cables Limited of ₹2 each	0.24	0.34
300 (March 31, 2018: 300) equity share of ACC Limited of ₹10 each	5.00	4.52
132 (March 31, 2018: 132) equity share of Colgate Palmolive India Limited of ₹1 each	1.66	1.40
233 (March 31, 2018: 233) equity share of Jaykay Enterprises Limited of ₹1 each	0.01	0.01
46 (March 31, 2018: 46) equity share of J.K.Cement Limited of ₹10 each	0.40	0.47
7 (March 31, 2018: 7) equity share of ORG Informatics Limited of ₹10 each	-	-
5,131 (March 31, 2018:5,131) equity shares of ICICI Bank limited of ₹ 2 each	20.55	14.28
12 (March 31, 2018: 12) equity share of GE Power India Limited (formerly known as Alstom Projects India Limited) of ₹10 each	0.10	0.11
1 (March 31, 2018: 1) equity share of UltraTech Cement Limited of ₹10 each	0.04	0.04
(Unquoted Investments) - FVOCI		
1,000 (March 31, 2018: 1,000) equity share of B. R. T. Limited of ₹100 each	15.04	14.64
393 (March 31, 2018: 393) units of 0% Unsecured Fully Convertible Debentures of Nowrosjee Wadia and Sons Limited, of ₹ 100 each*	42.84	42.84
Investments in mutual funds (Unquoted Investments - FVTPL)		
71,667.61 (March 31, 2018: 71,667.61) units of Kotak Bond Scheme Plan - A Growth	36.42	34.09
903,524.21 (March 31, 2018: 903,524.21) units of DHFL Pramerica Short Maturity Fund Growth	302.99	287.48
507,378.49 (March 31, 2018: 507,378.49) units of Kotak Income Opp. Fund Direct Plan-Growth	109.28	101.85
369,245.38 (March 31, 2018: 349,782.42) units of ICICI Equity Arbitrage Fund	53.33	50.52
9,420.93 (March 31, 2018: 4,606.86) units of SBI Premier Liquied Fund Direct Plan DDR	94.52	46.22
Total	74,263.26	69,124.68
Aggregate amount of quoted investments	73,608.84	68,547.04
Aggregate market value of quoted investments	73,608.84	68,547.04
Aggregate amount of unquoted investments	654.42	577.64
Aggregate amount of impairment in the value of investments	-	-
* The Company held these investments in 'Sunflower Investments and Textiles Limited' (Sunflower). Pursuant to the merger of Sunflower into Nowrosjee Wadia and Sons Limited (NWS), in the previous year, these debentures in Sunflower were cancelled and NWS had issued debentures to the Company		
Note 5: Non-current financial assets - Loans		
(Unsecured, considered good)		
Security deposits	40.35	40.35
Total	40.35	40.35

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**Note 6 : Income tax expense**

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are as under:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Income tax recognised in statement of profit and loss		
Income tax expense		
(i) Current tax expense	8,215.25	4,212.71
Total current tax expense	8,215.25	4,212.71
(ii) Deferred tax expense		
Decrease / (increase) in deferred tax assets	(10.37)	689.88
Increase in deferred tax liabilities	17.36	211.17
Total deferred tax expense	6.99	901.05
Total Income tax expense	8,222.24	5,113.76
(b) Income tax recognised in other comprehensive income		
Income tax expense		
(i) Current tax benefit (expense)/benefit		
Remeasurement of defined benefit obligation	(5.38)	0.98
Total current tax benefit	(5.38)	0.98
(ii) Deferred tax (expense)/benefit		
Remeasurement of defined benefit obligation	4.19	(6.55)
Financial asset measured at FVOCI	160.66	(23.51)
Total deferred tax (expense)/benefit	164.85	(30.06)
Total Income tax (expense) / benefit	159.47	(29.08)
(c) Reconciliation of effective tax rate:		
Profit before tax	23,601.93	14,697.47
Tax at the Indian applicable tax rate	8,240.74	5,080.06
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenses that are not deductible in determining taxable profit	48.97	14.78
Income exempt from income tax	(40.30)	(48.32)
Change in income tax rates	(3.94)	28.26
Others	(23.23)	38.98
Income tax expense	8,222.24	5,113.76
(d) Tax assets		
Particulars	As at	As at
	March 31, 2019	March 31, 2018
Opening balance	(58.63)	142.71
Add: Taxes paid	7,924.01	4,010.39
Less: Current tax payable for the year	8,220.63	4,211.73
Closing balance	(355.25)	(58.63)
Current tax assets	320.66	298.38
Current tax liabilities	(675.91)	(357.01)



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(e) Movement in deferred tax liabilities

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Deferred tax liabilities	3,547.71	3,548.26
Less: deferred tax assets	309.00	151.69
Deferred tax liability (net)	3,238.71	3,396.57

Movement of deferred tax balances

March 31, 2019	Net balance March 31, 2018	Recognised in profit and loss	Recognised in OCI	Net deferred tax liabilities
Property, plant and equipment	3,463.85	62.43	-	3,526.28
Financial asset measured at FVTPL	60.90	(45.07)	-	15.83
Financial asset measured at FVOCI	23.51	-	(17.91)	5.60
Total deferred tax liabilities	3,548.26	17.36	(17.91)	3,547.71
Provision for post retirement benefits and other employee benefits	138.36	(12.08)	4.19	130.47
Loss allowance	13.33	-	-	13.33
Provision for sales tax	-	22.45	-	22.45
Loss on cash flow hedging reserve	-	-	142.75	142.75
Total deferred tax assets	151.69	10.37	146.94	309.00
Deferred tax liability (net)	3,396.57	6.99	(164.85)	3,238.71

March 31, 2018	As at April 1, 2017	Recognised in profit and loss	Recognised in OCI	₹ in lakhs Net deferred tax liabilities
Property, plant and equipment	3,294.08	169.77	-	3,463.85
Financial asset measured at FVTPL	19.26	41.64	-	60.90
Financial asset measured at FVOCI	-	-	23.51	23.51
Measurement of borrowings at amortised cost	0.24	(0.24)	-	-
Total deferred tax liabilities	3,313.58	211.17	23.51	3,548.26
Provision for post retirement benefits and other employee benefits	153.01	(8.10)	(6.55)	138.36
Loss allowance	-	13.33	-	13.33
Other provisions	38.89	(38.89)	-	-
Loss on account of embezzlement of funds*	656.22	(656.22)	-	-
Total deferred tax assets	848.12	(689.88)	(6.55)	151.69
Net deferred tax liability (net)	2,465.46	901.05	30.06	3,396.57

*During the previous year, the Company's management had identified instances of embezzlement of its funds by certain employees of the Company, including senior management employees, whose services have since been terminated. Based on the management's scrutiny and the forensic investigation report, the amount of the embezzlement was ₹ 3,702.98 lakhs, pertaining entirely to the period up to March 31, 2017. Of these, ₹ 1,459.54 lakhs were accounted as cost of materials consumed and other expenses prior to the Ind AS transition date of April 1, 2016 and ₹ 347.32 lakhs, during the previous financial year ended March 31, 2017. The balance amount of ₹ 1,896.12 lakhs, which were shown as recoverable under the head "Balance with Excise, Customs, Sales Tax etc." had been debited to equity for ₹ 1,081.17 lakhs as on the Ind AS transition date of April 1, 2016 and to Exceptional Items "Loss on account of embezzlement of funds" for ₹ 814.95 lakhs during the financial year ended March 31, 2017. The impact of the above adjustments of ₹ 706.99 lakhs (net of deferred tax asset of ₹ 374.19 lakhs) was effected as at the Ind AS transition date of April 1, 2016 and ₹ 532.92 lakhs (net of deferred tax asset of ₹ 282.03 lakhs) was effected in the financial year ended March 31, 2017. The total deferred tax asset of ₹ 656.22 lakhs was utilised in the previous financial year ended March 31, 2018.

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 7: Other non-current assets		
(Unsecured, considered good)		
Balances with government authorities *	445.49	674.04
Prepayments	0.87	6.37
Capital advances	1,774.01	636.26
Less: Provision for sales tax*	(64.25)	-
Total	2,156.12	1,316.67

During the year, the group has provided ₹ 64.25 lakhs towards sales tax matters based on estimation for probable liabilities arising out of pending disputes / liabilities with indirect tax authorities.

Note 8: Inventories

Raw materials and packing materials	231.50	400.07
Finished goods	2,221.75	399.37
Stores and spares	727.38	673.26
Total	3,180.63	1,472.70

Note 9: Current financial assets - Investments**Investments in Mutual Funds (Unquoted Investments-FVTPL)**

NIL (March 31, 2018: 22,751,160.73) units of JM Low Duration Fund - (Direct) Daily Dividend Option (formerly known as JM Money Manager Fund - Super Plus Plan (Direct) - Daily Dividend Option (479)) of ₹ 10 each	-	2,300.92
NIL (March 31, 2018: 7,521,691.33) units of HDFC Floating Rate Debt Fund - Direct Plan - Wholesale Option - Growth Option (formerly known as HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan - Wholesale Option - Growth Option) of ₹ 10 each	-	2,285.26
NIL (March 31, 2018: 711,987.35) units of Aditya Birla Sun life Saving Fund - Growth - Direct Plan of ₹ 100 each	-	2,451.03
323,096.15 (March 31, 2018 : NIL) units of Canara Robeco Savings Fund - Regular Daily Dividend of ₹ 10 each	33.15	-
39,954.95 (March 31, 2018 : NIL) units of SBI Liquid Fund - Direct Daily Dividend of ₹ 10 each	400.84	-
10,828.87 (March 31, 2018 : NIL) units of SBI Liquid Fund - Direct Growth of ₹ 10 each	317.13	-
321,748.54 (March 31, 2018 : NIL) units of Kotak Saving Fund - Direct Plan - Daily Dividend of ₹ 10 each	32.68	-
Total	783.80	7,037.21
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	783.80	7,037.21
Aggregate amount of impairment in the value of investments	-	-



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 10: Trade receivables		
Unsecured, considered good	3,097.53	5,363.19
Less: Loss allowance	(38.15)	(38.15)
Total	3,059.38	5,325.04
Note 11: Cash and cash equivalents		
Cash on hand	1.12	2.27
Balances with banks in current account	27.87	318.68
Term deposit with original maturity period of less than three months	1,050.00	-
Total	1,078.99	320.95
Note 12: Bank balances other than cash and cash equivalents		
Margin money deposit against letter of credit	358.12	-
Unclaimed dividend accounts	63.01	49.23
Total	421.13	49.23
Note 13: Current financial assets - Loans		
(Unsecured, considered good)		
Security deposits	44.87	24.34
Intercorporate deposits to related party (Refer note below and note 42)	3,850.00	6,500.00
Intercorporate deposits to other companies (Refer note below)	20,000.00	-
Total	23,894.87	6,524.34
<p>The Company has, during the year, given Intercorporate Deposits (ICDs) to certain parties covered under section 189 of the Companies Act, 2013, viz. Nowrosjee Wadia and Sons Limited ₹ Nil (Previous Year ₹ 3,000 Lakhs), Wadia Techno-Engineering Services Limited ₹ 350 Lakhs (Previous Year ₹ 500 Lakhs), Bombay Dyeing Limited ₹ 10,000 Lakhs (Previous Year ₹ Nil) and Go Airlines (India) Limited ₹ 10,000 Lakhs (Previous Year ₹ Nil). These ICDs are for general business purpose and carry an interest rate of 10% p.a (Previous Year 12.50% p.a.) and have tenure for less than a year.</p>		
Note 14: Other financial assets		
(Unsecured, considered good)		
Interest accrued but not due on deposits	88.54	41.61
Other receivables	-	0.02
Total	88.54	41.63
Note 15: Other current assets		
(Unsecured, considered good)		
Advance to gratuity fund	61.87	7.42
Advances for expenses	15.67	42.15
Balances with government authorities	321.26	49.81
Prepayments	241.05	64.95
Advances to suppliers	136.65	32.43
Total	776.50	196.76

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**Note 16: Equity share capital**

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Authorised		
25,000,000 (March 31, 2018: 25,000,000) Equity shares of ₹ 10 each	2500.00	2500.00
Issued, subscribed and fully paid		
5,747,000 (March 31, 2018: 5,747,000) Equity shares of ₹ 10 each	574.70	574.70
Total	574.70	574.70

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	5,747,000	574.70	5,747,000	574.70
Issued during the year	-	-	-	-
Balance at the end of the year	5,747,000	574.70	5,747,000	574.70

Rights, preferences and restrictions attached to equity shares

The Group has one class of equity share having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.

Details of shares held by the holding company, ultimate holding company and subsidiary of holding company:

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Ben Nevis Investments Limited, British Virgin Island, ultimate holding company	51,500	0.90%	51,500.00	0.90%
Nowrosjee Wadia and Sons Limited, holding company	1,769,125	30.78%	1,769,125.00	30.78%
Macrofil Investments Limited, subsidiary of holding company	1,918,109	33.38%	1,918,109.00	33.38%

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

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Nowrosjee Wadia and Sons Limited	1,769,125	30.78%	1,769,125	30.78%
Macrofil Investments Limited	1,918,109	33.38%	1,918,109	33.38%

Pursuant to the scheme of arrangement sanctioned by National Company Law Tribunal vide its order dated June 22, 2017, and filed with ROC on August 2, 2017, N.W. Exports Limited and Sunflower Investments and Textile Limited, both having investment in Macrofil Investments Limited, has been amalgamated into Nowrosjee Wadia Sons Limited ("NWS"). Post merger, NWS became the holding company of Macrofil Investments Limited which holds 33.38% shareholding in the Company. Accordingly, NWS became the holding Company of the Company and Ben Nevis Investments Limited became the ultimate holding company of the Group.



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Note 17: Other equity

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
General reserve	3,372.29	3,367.30
Capital redemption reserve	0.02	0.02
Special reserve under section 45IC of RBI Act, 1934	154.29	144.30
Retained earnings	40,103.54	29,240.02
FVOCI - Equity instruments	73,439.46	68,359.35
Cash flow hedging reserves	(265.77)	-
Total	116,803.83	101,110.99

Nature and purpose of reserves

General reserve

The Group has transferred a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 2015. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Capital redemption reserve

As per the provisions of Companies Act, Capital redemption reserve is created out of the general reserve for the amount of share capital reduction/ buyback in earlier years.

Special reserve under section 45IC of RBI Act, 1934

Under section 45 (IC) of Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum based on the provisions of the said Act.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Further, it also includes the impact of remeasurements of the defined benefit obligations, net of tax.

FVOCI - Equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

FVOCI - Cash flow hedging reserves

Cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that qualify as cash flow hedges. Amount are subsequently reclassified to profit and loss as appropriate.

Note 18: Non-current financial liabilities - Borrowings

Secured

Term loan from Bank		
Foreign Currency Loan (USD)	6,988.02	-
Total	6,988.02	-
Less: Interest accrued (Refer note 23)	(19.21)	-
Non-Current borrowings	6,968.81	-

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**Terms of repayment**

The loan is repayable in 16 equal quarterly instalments of USD 6.25 lakhs beginning from June 6, 2020 and the last quarterly installment is payable on February 27, 2024. This loan has variable interest rate of 3 months USD-LIBOR-BBA plus 1.25% per annum payable on quarterly basis. Further, the term loan facility have put and call option at the end of second year from the date of draw down and annually thereafter.

Nature of security

Secured by a first specific charge on entire movable fixed assets including plant and machinery of the Group located in Kalyan, Maharashtra.

	₹ in lakhs	
Net debt reconciliation	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalent	1,078.99	320.95
Non-current borrowings (including accrued interest)	(6,988.02)	-
Current borrowings	(1,000.00)	-
Total	(6,909.03)	320.95

	Cash and cash equivalent	Non-current borrowings	Current borrowings	Net debt
Net debt as at April 1, 2017	8.13	999.30	105.33	1,112.76
Cash flow	312.82	(1,000.00)	(105.33)	(792.51)
Interest expenses	-	17.56	0.30	17.86
Interest paid	-	(16.86)	(0.30)	(17.16)
Net debt as at March 31, 2018	320.95	-	-	320.95
Net debt as at April 1, 2018	320.95	-	-	320.95
Cash flow	758.04	(7,029.00)	(1,000.00)	(7,270.96)
Interest expenses	-	(20.10)	(16.25)	(36.35)
Interest paid	-	-	16.25	16.25
Exchange gain / (loss)	-	61.08	-	61.08
Net debt as at March 31, 2019	1,078.99	(6,988.02)	(1,000.00)	(6,909.03)

	₹ in lakhs	
Note 19: Non-current financial liabilities - Other financial liabilities	As at March 31, 2019	As at March 31, 2018
Derivative liabilities designated as hedge		
Cross currency interest rate swap (CCIRS)	493.35	-
Total	493.35	-

Note 20: Non-current - Provisions

For employee benefits (Refer note 41)		
Leave encashment and compensated absence	176.87	199.16
Pension	69.24	55.63
Total	246.11	254.79



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	As at March 31, 2019	₹ in lakhs As at March 31, 2018
Note 21: Current financial liabilities - Borrowings		
Secured		
Term loan repayable on demand from Bank	1,000.00	-
Total	1,000.00	-

Terms of repayment

Repayable on demand. The present interest rate is 9.5% p.a.

Nature of security

i) Primary Security:

First pari passu charge by way of hypothecation over the Group's entire stocks of inventory and receivables along with other working capital banks under consortium.

ii) Collateral Security:

Second pari passu charge on the entire fixed assets of the Group including 68.08 acres industrial land located at NRC Road, P.O. Atali, via Mohone, Kalyan, Dist. Thane.

Note 22: Trade payables

Dues to micro and small enterprises	4.30	-
Dues to others	2,394.28	2,027.03
Total	2,398.58	2,027.03

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Group and relied upon by the auditors. During the previous year, there were no overdue principal amounts / interest payable amounts for delayed payments to such vendors as at Balance Sheet date.

	₹ in lakhs As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	4.30
Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end	-
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	171.86
Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-
Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made	2.55
Further interest remaining due and payable for earlier years	-

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Note 23: Other current financial liabilities		
Book Overdraft	148.09	-
Interest accrued but not due on borrowings	19.21	-
Deposit received from customers	2.80	2.70
Capital creditors	862.92	17.30
Payable to employees	387.74	571.37
Unpaid dividend	63.01	49.23
Total	1,483.77	640.60

Note 24: Other current liabilities

Advances received from customers	-	3.96
Statutory dues (including provident fund, tax deducted at source and others)	121.50	693.72
Total	121.50	697.68

The Group has recognised revenue of ₹ 3.96 lakhs, that was included in the advance received from customers balance at the beginning of the year.

Note 25: Current - Provisions

For employee benefits (Refer note 41)		
Gratuity	30.93	76.65
Leave encashment and compensated absence	118.55	130.41
Pension	8.70	10.74
Total	158.18	217.80

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 26: Revenue from operations		
Revenue from contracts with customers		
Sale of goods (including excise duty Nil (March 31, 2018 ₹ 855 lakhs))	40,134.65	31,399.46
Revenue from investing operations		
Dividend income from investment measured at FVTPL	52.47	49.88
Fair Value gain on investments measured at FVTPL	25.27	25.85
Other operating revenues		
Scrap sales	15.57	10.67
Total	40,227.96	31,485.86



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 27: Other income		
Interest income on financial assets at amortised cost		
On inter-corporate deposits	1,589.27	703.77
On fixed deposits	9.13	-
Other interest income	29.88	9.13
Dividend income from equity investments designated at FVOCI (Refer below)	27.84	23.34
Dividend income from other investments measured at FVTPL	68.73	79.45
Fair value gain on investments (including gain on sale of investments) measured at FVTPL	137.78	176.61
Net foreign exchange gain	32.96	15.42
Other miscellaneous income	15.26	5.97
Total	1,910.85	1,013.69
All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.		
Note 28: Cost of raw materials and packing materials consumed		
Opening balance of raw materials and packing materials	400.07	412.92
Add: Purchases made during the year	10,322.06	8,549.56
Less: Closing balance of raw materials and packing materials	(231.50)	(400.07)
Total	10,490.63	8,562.41
Note 29: Changes in inventories of finished goods		
Hydrogen peroxide		
Opening balance	399.37	67.97
Closing balance	(2,221.75)	(399.37)
Total	(1,822.38)	(331.40)
Note 30: Employee benefit expenses		
Salaries, wages and bonus	1,895.05	1,775.65
Contribution to provident fund and other funds (Refer note 41)	145.52	123.70
Provident fund benefits (Refer note 41)	7.22	19.51
Gratuity (Refer note 41)	46.33	79.19
Pension benefits (Refer note 41)	9.67	14.46
Workmen and staff welfare expenses	256.85	242.59
Total	2,360.64	2,255.10

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 31: Finance costs		
Interest expenses on financial liability at amortised cost	36.35	16.86
Fair value changes on hedge instrument designated as cash flow hedge transferred from OCI	23.83	-
Other interest expense	56.84	33.03
Unwinding of interest on financial liability measured at amortised cost	-	0.70
	117.02	50.59
Less: Interest capitalised	(43.93)	-
Total	73.09	50.59
Note 32 : Other expenses		
Consumption of stores and spares	213.60	408.43
Repairs and maintenance		
Plant and machinery	580.54	502.31
Buildings	2.23	2.62
Rent	46.25	54.31
Rates and taxes	38.15	35.51
Legal and professional fees	329.41	294.10
Excise duty	-	(10.55)
Insurance	56.21	61.39
Payment to auditors	-	-
Statutory audit fees	16.00	32.75
Others	9.00	4.50
Reimbursement of out of pocket expenses	1.59	0.09
Loss allowance	-	38.15
Corporate social responsibility expenditure (Refer below)	170.00	80.00
Commission to non executive Directors	175.00	149.00
Directors sitting fees	22.00	18.01
Freight	555.44	367.13
Miscellaneous expenses	1,018.78	847.48
Total	3,234.20	2,885.23
Expenditure on corporate social responsibility:		
(i) Contribution to Sir Ness Wadia Foundation	25.50	72.00
(ii) Contribution to Nowrosjee Wadia Maternity Hospital	144.50	-
(iii) Contribution to Patil Bal Mandir School, Kalyan	-	8.00
Total	170.00	80.00
Amount required to be spent as per section 135 of the Act	167.93	79.85
Amount spent during the year on:		
i) Construction/Acquisition of an asset	144.50	8.00
ii) On purposes other than (i) above	25.50	72.00
Total	170.00	80.00



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 33: Exceptional items		
Refund received from Maharashtra State Electricity Distribution Company Limited towards tariff difference between continuous supply and non-continuous supply	-	(105.92)
Total	-	(105.92)

Note 34: Fair value measurements

(a) Financial instruments by category

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment						
-Equity instruments#	-	73,623.88	-	-	68,561.68	-
-Mutual funds	1,380.34	-	-	7,557.37	-	-
Convertible Instrument	-	42.84	-	-	42.84	-
Trade receivables	-	-	3,059.38	-	-	5,325.04
Cash and cash equivalents	-	-	1,078.99	-	-	320.95
Bank balances other than cash and cash equivalents	-	-	421.13	-	-	49.23
Security deposits	-	-	85.22	-	-	64.69
Inter corporate deposits##	-	-	23,938.54	-	-	6,541.61
Other financial assets	-	-	-	-	-	0.02
Total financial assets	1,380.34	73,666.72	28,583.26	7,557.37	68,604.52	12,301.54
Financial liabilities						
Borrowings (including accrued interest thereon)	-	-	7,988.02	-	-	-
Trade payable	-	-	2,398.58	-	-	2,027.03
Other financial liabilities	-	-	1,464.56	-	-	640.60
Derivative designated as hedge - CCIRS	-	493.35	-	-	-	-
Total financial liabilities	-	493.35	11,851.16	-	-	2,667.63

These are investment in equity securities which are not held for trading, and for which the group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

Inter corporate deposits include interest accrued till the year end, whereas the same has been classified under other financial assets in the financial statements.

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019				
Financial assets				
Investment in equity instruments (at FVOCI)	73,608.84	-	15.04	73,623.88
Investment in mutual funds (at FVTPL)	1,380.34	-	-	1,380.34
Investment in convertible instruments (at FVOCI)	-	-	42.84	42.84
Total financial assets	74,989.18	-	57.88	75,047.06
Financial liabilities				
Derivative designated as hedge - CCIRS	-	493.35	-	493.35
Total financial liabilities	-	493.35	-	493.35
Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2019				
Financial assets				
Security deposits	-	-	40.35	40.35
Total financial assets	-	-	40.35	40.35
Financial liabilities				
Borrowings	-	6,968.81	-	6,968.81
Total financial liabilities	-	6,968.81	-	6,968.81
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2018				
Financial assets				
Investment in equity instruments (at FVOCI)	68,547.04	-	14.64	68,561.68
Investment in mutual funds (at FVTPL)	7,557.37	-	-	7,557.37
Investment in convertible instruments (at FVOCI)	-	-	42.84	42.84
Total financial assets	76,104.41	-	57.48	76,161.89
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2018				
Financial assets				
Security deposits	-	-	40.35	40.35
Total financial assets	-	-	40.35	40.35
Financial liabilities				
Total financial liabilities	-	-	-	-

Note:

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- There are no transfers between any levels during the year.
- The Group has insignificant financial instruments at level 3.



Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(c) Valuation techniques used to determine fair value

Fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting date. The mutual funds are valued using the closing net asset value.

The fair value of cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves and forward exchange rates as at the balance sheet date

The fair values for security deposits are calculated based on cash flows discounted using a current lending rate

The fair value of equity instruments which are not traded in the stock exchanges is valued using net assets value of respective equity shares

The fair value of convertible debentures (in the nature of equity) is valued using net assets value of respective equity shares

The fair values of non-current borrowings are based on discounted cash flows using a credit adjusted borrowing rate as at the reporting date.

(d) Fair value of financial assets and liabilities measured at amortised cost

₹ in lakhs

	As at March 31, 2019		As at March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	40.35	40.35	40.35	40.35
Total financial assets	40.35	40.35	40.35	40.35
Financial Liabilities				
Borrowings	6,968.81	6,968.81	-	-
Total financial liabilities	6,968.81	6,968.81	-	-

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, inter corporate deposits, other financial assets, current financial liabilities- borrowings including accrued interest, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short term nature.

Note 35: Financial risk management

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swap are entered to hedge certain foreign currency risk exposures and interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, investments in mutual funds	Ageing analysis	Credit limits, timely review, diversification of deposits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Surplus cash parking in liquid funds
Market risk – foreign exchange	Recognised financial liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Foreign currency borrowing - hedged - CCIRS Others - limited exposure, unhedged
Market risk- interest risk	Long term borrowing at variable rates	Sensitivity analysis	Cross currency interest rate swaps
Market risk- price risk	Investment in equity instruments	Sensitivity analysis	Strategic investment, diversification of portfolio

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

The Group has adopted a Risk Management Policy wherein all material risks faced by the Group are identified and assessed. The Risk Management framework defines the risk management approach of the Group and includes collective identification of risks impacting the Group's business and documents their process of identification, mitigation and optimization of such risks.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising interest expense at a fixed interest rate for the hedged loans and foreign currency borrowing at the fixed foreign currency rate.

(a) Credit risk

The Group is exposed to credit risk, which is the risk that counter party will default on its contractual obligation resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost and investments in mutual funds, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's credit risk arises from accounts receivable balances. The Company has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk assessment and credit line allocation process. Procedures are standardized within a customer credit risk policy and supported by the information technology system by limiting the credit exposure to each customer and allowing an average credit period of 30-60 days. The Company has adopted a policy of only dealing with creditworthy counterparties. Intercorporate deposits given are for not more than 12 months. The Company periodically assess the recoverability of intercorporate deposits.

The group provides for life time allowance on trade receivable using simplified approach and on a case to case basis on specified customers. Specific debtors represents debtors facing bankruptcy cases, operation shutdown and other scenerio as determined by the management. Such debtors are categorised as specific debtors upon intimation/news. Such specific debtors has no nexus with the macro economy factor. The Group recognises expected credit loss on specified receivables as determined by the management.

	₹ in lakhs
	Amount
Reconciliation of loss allowance on trade receivables	
Loss allowance on April 1, 2017	-
Changes in loss allowance	38.15
Loss allowance on March 31, 2018	38.15
Changes in loss allowance	-
Loss allowance on March 31, 2019	38.15

For banks and financial institutions, only highly rated banks / institutions are accepted. Generally all policies surrounding credit risk have been managed at Group level.

(b) Liquidity risk

Liquidity risk is the risk that the Group will fail in meeting its obligations to pay its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. In respect of its operations, the Group funds its activities primarily through cash generated in operations and working capital borrowings.

Management monitors the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Cash which is not needed in the operating activities of the Company is invested in marketable liquid funds.

(i) Maturities of financial liabilities

The amounts disclosed below are the non derivative contractual undiscounted cash flows of financial liabilities and net settled derivative financial instruments undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For cross currency interest rate swap, the cash flows have been estimated using forward interest rates and forward exchange rates as at the end of the reporting period.



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

March 31, 2019	₹ in lakhs			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Non derivative financial liabilities</u>				
Borrowings (including accrued interest thereon)#	1,266.81	8,407.75	-	9,674.56
Trade payables	2,398.58	-	-	2,398.58
Other financial liabilities	1,464.56	-	-	1,464.56
Total non derivative financial liabilities	5,129.95	8,407.75	-	13,537.70
<u>Derivative (net settled)</u>				
Cross currency interest rates swap	339.61	(56.01)	-	283.60
Total derivative liabilities	339.61	(56.01)	-	283.60

The foreign currency borrowing facilities has maturity period of 5 years and contains put and call option at the end of the second year and annually thereafter. The Group is expected to exercise the put option at the end of second year.

March 31, 2018	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Non derivative financial liabilities</u>				
Trade payables	2,027.03	-	-	2,027.03
Other financial liabilities	640.60	-	-	640.60
Total non derivative financial liabilities	2,667.63	-	-	2,667.63
Total derivative liabilities	-	-	-	-

(ii) Undrawn borrowing facilities

The Group has following undrawn facilities:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Floating rate - foreign currency term loan	7,692.30	-
Fixed rate - term loan	2,771.05	-

(c) Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk, b) Interest rates risk and c) Other price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arise from recognized assets and liabilities, when they are denominated in a currency other than functional currency of the Group. The Group imports certain raw materials and spare parts used in manufacturing and therefore is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US-dollar ("USD"). Group's exposure to foreign currency risk due to operation is very limited and it always ensures that the such exposure is within the approved limit for which Group does not require to hedge through derivatives. However, for foreign currency variable interest rate denominated borrowings the companies risk management policy is to hedge 100% of the exposure using cross currency interest rate swaps. Under the Group's policy, the critical term of the cross currency interest rate swaps must align the hedged item.

The Group's unhedged foreign currency exposure at the end of the reporting period expressed in Rupees, are as follows:

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	As at	₹ in lakhs
	March 31, 2019	As at
		March 31, 2018
Financial liabilities		
Payable (Trade payable) - (USD 4.13 lakhs; as at March 31, 2018 USD NIL)	288.46	-
Net exposure to foreign currency risk (liabilities)	288.46	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

	Impact on profit before tax	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
FX rate – increase by 5% on closing rate on reporting date*	(14.42)	-
FX rate– decrease by 5% on closing rate on reporting date *	14.42	-

* Holding all other variables constant

The above amounts have been disclosed based on the accounting policy for exchange differences.

(ii) Interest rate risks

The Group's interest risk arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's policy is to maintain most of its borrowing at fixed rates using floating to fixed interest rate swaps. The Group enters into long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. As at March 31, 2019, the Group's borrowing at variable rate was denominated in USD (March 31, 2018 - NIL).

(a) Interest rate risk exposures

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at	₹ in lakhs
	March 31, 2019	As at
		March 31, 2018
Fixed rate borrowings#	6,988.02	-
Fixed rate borrowings	1,000.00	-
	7,988.02	-

#This borrowing has been converted to fixed rate borrowings through cross currency interest swaps using floating to fixed interest rate swap.

(b) Sensitivity

The Group is not exposed to significant interest rate risk due to fixed rate borrowings existing as at March 31, 2019.

(iii) Foreign currency and interest rate risks

During the year, the Group has taken cross currency interest rate swaps (CCIRS) for hedging its foreign currency and interest rate risks related to external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risk and does the mark to market value is determined for both the risks together. The details of derivative financial instruments at the end of the reporting period expressed in Rupees, are as follows:



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Particulars	Currency	₹ in lakhs	
		As at March 31, 2019 Amount in foreign Currency (In lakhs)	Fair value loss (₹ in lakhs)
Derivative liability designated as hedge - net settled			
Cross currency interest rate swap	USD	100.00	493.35
The Group did not have any derivatives instrument in the previous year.			

Sensitivity

The sensitivity of other comprehensive income before tax due to foreign currency movement and interest rate movements is as below:

	Year ended March 31, 2019	
FX rate – increase by 5% on closing rate on reporting date*		556.91
FX rate– decrease by 5% on closing rate on reporting date *	(556.91)	
Interest rates - increase by 50 bps on closing rate on reporting date *		134.69
Interest rates - decrease by 50 bps on closing rate on reporting date *	(136.00)	

* Holding all other variables constant

(iv) Other price risks

The Group is exposed to equity price risks arising from equity investments. These investments are subject to changes in the market price of securities. Equity investments are held for strategic purpose rather than for trading purposes. The Group does not actively trade in these investments.

Sensitivity

If equity prices had been 10% higher / lower, other comprehensive income before tax for the year ended March 31, 2019 would increase / decrease by ₹ 1,835 lakhs (Year ended March 31, 2018: increase / decrease by ₹ 1,828 lakhs) as a result of the changes in fair value of shares measured at FVOCI.

(a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2019

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument	Maturity date	Hedge ratio*	Weighted average strike price/rate	Changes in fair value of hedging instrument (loss)	Change in the value of hedged item used as the basis for recognising hedge effectiveness
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Derivative liabilities designated as cash flow hedge

Foreign exchange risk and interest rate risk

Cross currency interest rate swap	7,054.00	493.35	June 6, 2020 to March 6, 2021	1:1	\$1 = ₹ 70.54 8.55%	(493.35)	493.35
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The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Therefore, the hedge ratio is 1:1.

The Group did not have any hedged instruments in the previous year.

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**(b) Disclosure of effects of hedge accounting on financial performance** ₹ in lakhs**As at March 31, 2019**

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency interest rate swap	(493.35)	-	84.83	Finance cost of ₹ 23.83 lakhs and foreign exchange gain under other income of ₹ 61.00 lakhs

The Group did not have any hedged instruments in the previous year.

Movements in cash flow hedging reserve

Risk category

Derivative instruments

Cash flow hedging reserve

As at April 1, 2018

Add: Changes in fair value of CCIRS	493.35
Less: Amounts reclassified to profit or loss	(84.83)
Less: Deferred tax relating to above (net)	(142.75)
As at March 31, 2019	265.77

Hedge ineffectiveness

The Group's hedging policy only allows for effective hedge relationships to be established.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The Group enters into cross currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, repayment dates, maturities and notional amount as all critical terms matched during the year, the economic relationship was 100% effective. There was no ineffectiveness during the financial year ended March 31, 2019.

Note 36: Capital Management**(a) Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Gearing ratio is determined as net debt (total borrowings net of cash and cash equivalents) divided by total 'equity'.



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs
	As at
	March 31, 2019
The gearing ratios were as follows:	
Total debt	7,988.02
Less: Cash and cash equivalent	1,078.99
Net debt	6,909.03
Total equity	117,378.53
Net debt to equity ratio	5.89%

The Group was a zero debt Group with no long term borrowings as at March 31, 2018.

(i) Loan covenants

The Group is regular in payment of its debts service obligation and the Group has not received any communication from lender for non compliance of any debts covenants.

(b) Dividends

	₹ in lakhs	
	As at	As at
	March 31, 2019	March 31, 2018
(i) Equity shares	3,735.55	1,953.98
Final dividend for the year ended March 31, 2018 of ₹ 65 (March 31, 2017 - ₹ 34) per fully paid share		
Dividend Distribution Tax (DDT) on final dividend	767.86	397.79
(ii) Dividends not recognised at the end of the reporting period	3,735.55	3,735.55
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 65 per fully paid equity share (March 31, 2018 - ₹ 65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		
Dividend Distribution Tax (DDT) on proposed dividend	767.86	767.86

Note 37 : Leases

Operating lease arrangements

The Company has entered into non-cancellable operating lease arrangements for certain motor vehicles for a period of four years. Total rental expenses relating to operating leases recognised in statement of profit and loss is ₹ 46.25 lakhs (Previous year: ₹ 54.31 lakhs).

	₹ in lakhs	
	March 31, 2019	March 31, 2018
Non-cancellable operating lease commitments		
Within one year	11.85	16.21
Later than one year and not later than 5 years	13.63	31.39
Later than 5 years	-	-

Note 38 : Earning per share

	₹ in lakhs	
	March 31, 2019	March 31, 2018
Basic and diluted earnings per share		
Profit for the year attributable to owners of the company (₹ in lakhs)	15,379.68	9,583.71
Weighted average number of equity shares	5,747,000	5,747,000
Basic and diluted earnings per share (₹)	267.61	166.76
Face value per share (₹)	10.00	10.00

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**Note 39 : Segment reporting**

The CEO reviews the Company's performance. Presently, the Company is engaged in only one segment viz 'Manufacturing of peroxygens' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

Information about major customers

Revenue for the year ended March 31, 2019 and March 31, 2018 were from customers located in India. Customers include private distribution entities. No single customer of the Company accounts for 10% or more of total revenue.

Note 40: Contingent liabilities and commitments

₹ in lakhs

	March 31, 2019	March 31, 2018
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(a) Contingent liabilities :**(i) Claims against the Company not acknowledged as debt:**

Sales tax demand	38.90	287.18
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(ii) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

(b) Commitments:

(i) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for ₹ 8,698.15 lakhs (March 31, 2018 ₹ 4,918.62 lakhs).

(ii) Other commitment:

The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till 30th April, 2028. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. GAIL has the discretion to waive off the Take or Pay charges. A request for supply of Make Up gas can be made by the Company corresponding to Take or Pay deficiencies which are outstanding and for which the Company would pay to GAIL at the time of annual program.

(iii) For lease commitment, refer note 37.

Note 41 : Employee benefit obligations

The Group has classified various employee benefits as under:

(a) Leave Obligations

The leave obligations cover the Company's liability for sick and privileged leave

₹ in lakhs

Provision for leave encashment

	As at March 31, 2019	As at March 31, 2018
Current	118.55	130.41
Non-current	176.87	199.16



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(b) Defined Contribution Plan

- (i) Provident fund
- (ii) Superannuation fund

The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
(i) Contribution to provident fund	116.31	75.78
(ii) Contribution to superannuation fund	29.18	47.71

(c) Post employment obligations

Gratuity

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

(i) Significant estimates: actuarial assumptions

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%
Salary escalation rate		
-For management employees	8.00%	10.00%
-For other employees	8.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

The estimates of salary escalation rate considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(ii) Gratuity Plan

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	₹ in lakhs Net amount
As at April 1, 2018	1,131.76	(1,055.11)	76.65
Current service cost	40.85	-	40.85
Interest expense / (income)	70.08	(64.60)	5.48
Total amount recognised in profit and loss	110.93	(64.60)	46.33
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(26.63)	(26.63)
(Gain) / loss from change in financial assumptions	(31.01)	-	(31.01)
(Gain) / loss from change in demographic assumptions	30.14	-	30.14
Experience (gains) / losses	12.10	-	12.10
Total amount recognised in other comprehensive income	11.23	(26.63)	(15.40)
Employer contributions	-	(76.65)	(76.65)
Benefits payments	(68.03)	68.03	-
As at March 31, 2019	1,185.89	(1,154.96)	30.93

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs		
	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	987.38	(912.49)	74.89
Current service cost	36.08	-	36.08
Past service cost	38.15	-	38.15
Interest expense / (income)	57.43	(52.47)	4.96
Total amount recognised in profit and loss	131.66	(52.47)	79.19
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(31.56)	(31.56)
(Gain) / loss from change in financial assumptions	16.48	-	16.48
(Gain) / loss from change in demographic assumptions	(23.35)	-	(23.35)
Experience (gains) / losses	35.89	-	35.89
Total amount recognised in other comprehensive income	29.02	(31.56)	(2.54)
Employer contributions	-	(74.89)	(74.89)
Benefits payments	(16.30)	16.30	-
As at March 31, 2018	1,131.76	(1,055.11)	76.65

The net liability disclosed above relates to funded plans are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	1,185.89	1,131.76
Fair value of plan assets	(1,154.96)	(1,055.11)
Deficit of gratuity plan	30.93	76.65
Current portion	30.93	76.65
Non-current portion	-	-

(iii) Sensitivity analysis

Significant estimates: Sensitivity of actuarial assumptions

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	-1.71%	-1.64%	1.79%	1.72%
Salary escalation rate	0.50%	0.50%	1.77%	1.69%	-1.70%	-1.63%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.



Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The above defined benefit gratuity plan was administrated 100% by a trust as at March 31, 2019 and March 31, 2018.

(v) **Defined benefit liability and employer contributions**

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 4.37 years (March 31, 2018 – 4.25 years).

(vi) **Risk exposure**

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in india, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(vii) **Category of plan asset**

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Amount	in %	Amount	in %
Government debt instruments	325.96	27%	322.45	31%
Other debt instruments	613.04	51%	658.99	62%
Insurer managed funds	-	0%	-	0%
Others	270.65	22%	73.67	7%
Total	1,209.65	100%	1,055.11	100%

(viii) **Projected cash flow**

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
	Less than a year	481.43
Between 1-2 years	246.66	154.29
Between 2-5 years	259.4	357.08
Between 5-9 years	374.12	351.25
10 years and above	325.84	286.14

Pension

The Company operates a defined benefit pension plan. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. The Company does not contribute annually to any trust or a fund towards the liability under the plan, this plan is unfunded.

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**(i) Significant estimates: actuarial assumptions**

Valuations in respect of pension have been carried out by an independent actuary, as at the Balance Sheet date

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%
Salary escalation rate	8.00%	7.00%
Pension increase rate	0.00%	0.00%

(ii) Pension Plan

	₹ in lakhs	
	Present value of obligation	
As at April 1, 2018		66.37
Current service cost		5.00
Interest expense / (income)		4.67
Total amount recognised in profit and loss		9.67
Remeasurements		
(Gain) / loss from change in financial assumptions		-
(Gain) / loss from change in demographic assumptions		13.25
Experience (gains) / losses		(1.27)
Total amount recognised in other comprehensive income		11.98
Benefits payment		(10.08)
As at March 31, 2019		77.94

	₹ in lakhs	
	Present value of obligation	
As at April 1, 2017		80.69
Current service cost		9.06
Interest expense / (income)		5.40
Total amount recognised in profit and loss		14.46
Remeasurements		
(Gain) / loss from change in financial assumptions		(1.67)
(Gain) / loss from change in demographic assumptions		(11.91)
Experience (gains) / losses		(5.12)
Total amount recognised in other comprehensive income		(18.70)
Benefits payment		(10.08)
As at March 31, 2018		66.37

The net liability disclosed above relates to funded plans are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	77.94	66.37
Deficit of pension plan	77.94	66.37
Current portion	8.70	10.74
Non-current portion	69.24	55.63



Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(iii) Sensitivity analysis

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	-2.50%	-2.17%	2.63%	2.28%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) Risk exposure

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(v) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 5.13 years (March 31, 2018 – 4.45 years).

(vi) Projected cash flow

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Less than a year	8.71	10.74
Between 1-2 years	8.50	8.64
Between 2-5 years	26.32	24.23
Between 5-9 years	35.76	25.29
10 years and above	47.40	32.71

Provident Fund

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Company measures its liability towards provident fund through actuarial valuation using 'projected credit unit method'. In case of net assets, assets are recognised to the extent of liability only.

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**(i) Significant estimates: actuarial assumptions**

Valuations in respect of provident fund have been carried out by an independent actuary, as at the Balance Sheet date

	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.65%	7.65%

(ii) Provident fund plan

	Present value of obligation	Fair value of plan assets	₹ in lakhs Net amount
As at April 1, 2017	531.52	(531.52)	-
Current service cost	19.51	-	19.51
Interest expense / (income)	37.87	(37.87)	-
Interest on net defined benefit liability / assets	57.38	(37.87)	19.51
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	(2.95)	(2.95)
(Gain) / loss from change in financial assumptions	6.88	-	6.88
(Gain) / loss from change in demographic assumptions	-	-	-
Experience (gains) / losses	2.95	-	2.95
Total amount recognised in other comprehensive income	9.83	(2.95)	6.88
Employer's contributions	-	(19.51)	(19.51)
Employee's contributions	20.23	(20.23)	-
Benefits payment	(35.33)	35.33	-
As at March 31, 2018	583.63	(576.75)	6.88
			₹ in lakhs
	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	583.63	(576.75)	6.88
Current service cost	7.22	-	7.22
Interest expense / (income)	44.34	(44.34)	-
Interest on net defined benefit liability / assets	51.56	(44.34)	7.22
Remeasurements			
Return on plan assets, excluding amount included in interest expense / (income)	-	0.88	0.88
(Gain) / loss from change in financial assumptions	(7.31)	-	-7.31
(Gain) / loss from change in demographic assumptions	-	-	-
Experience (gains) / losses	(0.45)	-	-0.45
Total amount recognised in other comprehensive income	(7.76)	0.88	(6.88)
Employer's contributions	7.82	(7.22)	0.60
Employee's contributions	-	(7.82)	-7.82
Benefits payment	(22.54)	22.54	-
As at March 31, 2019	612.71	(612.71)	-



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

The net liability disclosed above relates to funded plans are as follows:

	₹ in lakhs	
	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	612.71	583.63
Fair value of plan assets	(612.71)	(576.75)
Deficit of provident fund plan	-	6.88
Current portion	-	-
Non-current portion	-	6.88

(iii) Sensitivity analysis

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is

	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	2.11%	2.85%	0.00%	-1.18%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The above defined benefit plan was administrated 100% by a trust as at March 31, 2019 and March 31, 2018

(v) Defined benefit liability and employer contributions

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration to payment is 8.85 years (March 31, 2018 – 7.90 years).

(vi) The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

(vii) Category of plan asset

	₹ in lakhs			
	As at March 31, 2019		As at March 31, 2018	
	Amount	in %	Amount	in %
Government debt instruments	205.59	34	206.15	36
Other debt instruments	259.45	42	312.71	54
Entity's own equity instruments	14.31	2	14.31	2
Others	133.36	22	43.58	8
Total	612.71	100	576.75	100

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)**Note 42: Related party transactions**

As per Indian Accounting Standard 24 (Ind AS 24) 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Group related parties and transactions are disclosed below:

(A) Enterprises exercising control

Ultimate holding entity - Ben Nevis Investments Limited (Refer note 16)

Parent entity - Nowrosjee Wadia and Sons Limited (Refer note 16)

(B) Enterprises where control exists

Subsidiary company - Naperol Investments Limited

(C) Key management personnel

Mr. S. R. Lohokare, Managing Director (up to December 15, 2017)

Mr. Suresh Khurana, Chief Executive Officer and Director (w.e.f. December 15, 2017)

Non-executive Directors

Mr. Ness N. Wadia - Chairman

Dr (Mrs.) Minnie Bodhanwala

Independent Directors

Mr. R. Batra

Mr. N. P. Ghanekar

Mr. S. Ragothaman

(D) Enterprises controlled by the parent entity and with whom transactions were carried out during the year

Wadia Techno Engineering Limited

Macrofil Investments Limited (Refer Note 16)*

The Bombay Burmah Trading Corporation Limited

*The entity was exercising significant influence over the Company till August 2, 2017.

(E) Employee benefits plans and with whom transactions were carried out during the year

National Peroxide Limited Employees' Provident Fund

National Peroxide Limited Employees' Gratuity Fund

(F) Enterprises over which key managerial personnel have significant influence and with whom transactions were carried out during the year

Sir Ness Wadia Foundation

Nowrosjee Wadia Maternity Hospital

(G) Details of transactions during the year:

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Inter corporate deposit given		
Nowrosjee Wadia and Sons Limited	-	3,000.00
Wadia Techno Engineering Limited	350.00	500.00
Repayment of Inter corporate deposit given		
Nowrosjee Wadia and Sons Limited	3,000.00	-
Dividend income		
The Bombay Burmah Trading Corporation	54.60	54.60



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	₹ in lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
Miscellaneous Expenses		
Nowrosjee Wadia and Sons Limited	140.60	114.67
Reimbursement of expenses		
Nowrosjee Wadia and Sons Limited	54.64	78.77
Bombay Burmah Trading Corporation Limited	1.89	-
Britannia Industries Ltd	0.51	-
Expenditure on CSR		
Sir Ness Wadia Foundation	25.50	72.00
Nowrosjee Wadia Maternity Hospital	144.50	-
(H) Compensation to key managerial personnel		
<u>Mr. S. R. Lohokare</u>		
Short term employee benefits	-	186.93
Post employment benefits**	-	27.38
<u>Mr. Suresh Khurana</u>		
Short term employee benefits	194.53	65.32
Post employment benefits**	16.07	4.69
** As the liabilities for defined benefit plans are provided on actuarial basis for the Company the amounts pertaining to Key Managerial Personnel are not included.		
(I) Commission to Non-Executive Directors#	234.00	149.00
# During the year, the Company has paid commission of ₹ 90 lakhs to non-executive directors relating to previous year and the balance amount of ₹ 59 lakhs is written back.		
(J) Director Sitting fees to Non-Executive Directors	22.00	17.60
(K) Contribution to employee benefit plans		
National Peroxide Limited Employees' Provident Fund	7.22	19.51
National Peroxide Limited Employees' Gratuity Fund	76.65	74.89
(L) Balances with related parties as at the year end:		
Intercorporate deposits to related party		
Nowrosjee Wadia and Sons Limited	-	3,000.00
Wadia Techno Engineering Limited	850.00	500.00
Macrofil Investments Limited	3,000.00	3,000.00
Interest accrued but not due on deposits		
Wadia Techno Engineering Limited	-	41.61

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

	As At March 31, 2019	₹ in lakhs As At March 31, 2018
Investments		
The Bombay Burmah Trading Corporation	70,949.57	63,932.70
Trade Payables		
Nowrosjee Wadia and Sons Limited	11.78	61.40
Contributions Made		
National Peroxide Limited Employees' Provident Fund	612.71	579.04
National Peroxide Limited Employees' Gratuity Fund	1,154.96	1,055.11
Payable to Key managerial personnel		
Mr. Suresh Khurana	66.53	70.01

Note 43: Changes in accounting policies:**Impact on the financial statements**

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018 and has elected to apply the revenue standard only to contracts that are not completed as at the date of initial application. Comparative prior period has not been adjusted. The adoption of Ind AS 115 did not have any significant financial impact on the financial statements and accordingly, no adjustments are made to the amounts recognised in the financial statements.

The following table presents the amounts by which each financial statement line item is affected in the current year ended March 31, 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Balance sheet extracts	March 31, 2019 without adoption of Ind AS 115	Increase / (decrease)	₹ in lakhs March 31, 2019 as reported
Other current liabilities			
Other current liabilities - advances received from customers	15.86	(15.86)	-
Contract liabilities	-	15.86	15.86

Presentation of liabilities related to contracts with customers

The Company has changed the presentation of contract liability in the balance sheet to reflect the terminology of Ind AS 115. Contract liabilities in relation to the advance received from customers before the Company transfers goods were previously in other current liabilities - advance received from customers.



National Peroxide Limited

Notes to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Note 44: Additional information required by Schedule III

Name of the entity	Net assets (total assets minus total liabilities)		Share of profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of consolidated total comprehensive income	Amount (₹ in Lakhs)
Parent								
National Peroxide Limited								
31 March 2019	52.40%	61,509.18	99.50%	15,303.33	-3.65%	(175.57)	74.90%	15,127.76
31 March 2018	50.04%	50,884.83	99.25%	9,511.67	31.06%	6,304.26	52.93%	15,815.93
Subsidiary								
Naperol Investments Limited								
31 March 2019	47.60%	55,869.35	0.50%	76.35	103.65%	4,992.14	25.10%	5,068.49
31 March 2018	49.96%	50,800.86	0.75%	72.04	68.94%	13,990.65	47.07%	14,062.69

Note 45: The financial statement were authorised for issue by directors on May 17, 2019.

Note 46: The figures for the previous year have been reclassified /regrouped wherever necessary for better understanding and comparability.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

ASHA RAMANATHAN
Partner
Membership No. 202660

SURESH KHURANA
Chief Executive Officer & Director
DIN: 06677496

CONRAD FERNANDES
Chief Financial Officer

CHANDUKUMAR PARMAR
Company Secretary

Mumbai, May 17, 2019

For and on behalf of the Board of Directors

NESS N. WADIA
Chairman
DIN: 00036049

R. BATRA
Director
DIN: 00020764

N. P. GHANEKAR
Director
DIN: 00009725

S. RAGOTHAMAN
Director
DIN: 00042395

MINNIE BODHANWALA
Director
DIN: 00422067

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**Part “A”: Subsidiaries**

(Rupees in Lakhs)

1.	Name of the subsidiary	Naperol Investments Limited
2.	The date since when subsidiary was incorporated	May 6, 1980
3.	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	Reporting period of Naperol Investments Limited is the same as that of its Holding Company, National Peroxide Limited, i.e. 1 st April, 2018 to 31 st March, 2019
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
5.	Share capital	25.50
6.	Reserves & surplus	55,869.36
7.	Total assets	55,916.07
8.	Total Liabilities (Excluding Share Capital and Reserves and Surplus)	21.21
9.	Investments	55,913.30
10.	Turnover	77.74
11.	Profit before taxation	75.21
12.	Provision for taxation	(1.15)
13.	Profit after taxation	76.36
14.	Proposed Dividend	-
15.	% of shareholding	100%

Notes:

1. There is no subsidiary which is yet to commence operations.
2. There is no subsidiary which has been liquidated or sold during the year.

Part “B” : Associates and Joint Ventures : Not Applicable

For and on behalf of the Board of Directors

Suresh Khurana
Chief Executive Officer & Director
DIN: 06677496

Ness N. Wadia
Chairman
DIN: 00036049

S. Ragothaman
Director
DIN: 00042395

Conrad Fernandes
Chief Financial Officer

R. Batra
Director
DIN: 00020764

Minnie Bodhanwala
Director
DIN: 00422067

Chandukumar Parmar
Company Secretary

N. P. Ghanekar
Director
DIN: 00009725

Mumbai, 17th May, 2019



TEN YEAR STANDALONE FINANCIAL STATISTICS

(₹ in Lakhs)

As at / Year ended 31st March	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (IND-AS)	2018-19 (IND-AS)
Assets Employed										
Fixed Assets less Depreciation & CWIP	8416.42	10275.99	12040.29	11356.33	15754.51	19134.48	18275.78	18016.25	17529.23	24115.08
Investments	127.33	2177.42	2398.01	5860.87	1029.44	958.59	705.77	5137.94	25342.70	19159.26
Net Current Assets	761.57	2544.18	2332.92	1611.85	4747.48	8138.38	6558.58	6922.70	9988.02	26152.20
Miscellaneous Expenditure	9.17	2.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans & Advances (Net)			157.40	785.43	1285.49	712.53	438.92	(84.79)	1400.15	2270.56
Financed by										
Share Capital	574.70	574.70	574.70	574.70	574.70	574.70	574.70	574.70	574.70	574.70
Reserves & Surplus	7290.45	12301.29	14252.14	17230.44	20083.71	20319.68	21425.06	26209.90	50310.13	60934.48
Loan Funds	144.84	885.17	526.43	102.65	403.79	5299.44	1033.10	105.33	-	7968.81
Deferred Tax Liability	1304.50	1238.50	1575.35	1706.69	1754.72	2750.16	2946.19	3102.17	3375.27	3219.11
Profits & appropriations										
Sales & other Income	12250.66	18487.70	15616.72	21731.46	24062.71	20266.14	24161.23	26149.06	32423.82	42061.07
Manufacturing Expenses	8886.62	8976.64	10685.44	14552.51	17229.76	17435.73	19857.08	18488.45	16831.46	17538.11
Interest	127.40	75.84	40.75	34.72	21.65	468.40	538.50	213.49	50.59	73.09
Depreciation	830.83	840.96	1002.19	1100.23	973.44	721.31	895.60	892.73	919.16	923.15
Profit Before Tax	2405.81	8594.26	3888.34	6044.00	5837.86	1640.70	2870.05	6554.39	14622.61	23526.72
Taxation	785.71	2801.99	1140.22	2063.34	1976.03	1017.21	1072.97	1769.55	5110.94	8223.39
Profit After Tax	1620.10	5792.27	2748.12	3980.66	3861.83	623.49	1797.08	4784.84	9511.67	15303.33
Dividend :										
- Amount	574.70	689.64	689.64	862.05	862.05	287.35	574.70	1953.98	3735.55	3735.55
- Percentage	100%	120%	120%	150%	150%	50%	100%	340%	650%	650%
Earning Per Share (EPS)(₹)	28.19	100.79	47.82	69.26	67.20	10.85	31.27	83.26	165.51	266.28

Notes :

1. Reserves & Surplus includes revaluation reserve.
2. Sales and other Income include excise duty, sale of Assets etc.
3. Dividend amount does not include Corporate Dividend Tax.



National Peroxide Limited

Registered Office: Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001
Head Office: C-1, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025
(CIN: L24299MH1954PLC009254)

Email: secretarial@naperol.com • Website: www.naperol.com • Phone: 022-66620000

(FORM NO. MGT-11)

PROXY FORM

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

Name of the Member(s) : _____

Registered Address : _____

Folio No. / DP ID and Client ID : _____

I/We, being the member(s) holding _____ Shares of the above named Company, hereby appoint:

1. Name : _____

Address : _____

Email ID : _____ Signature _____ or failing him/her,

2. Name : _____

Address : _____

Email ID : _____ Signature _____ or failing him/her,

3. Name : _____

Address : _____

Email ID : _____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 65th Annual General Meeting of the Company to be held on Tuesday, 6th August, 2019 at 4.00 p.m. at Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Mumbai 400 018 and at any adjournment thereof in respect of such resolutions as are indicated on the reverse of this page.

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1	Adoption of the Audited Standalone Financial Statements and Audited Consolidated Financial Statements for the financial year ended 31 st March, 2019, and the Reports of the Board of Directors and Auditors thereon		
2	Declaration of Dividend for the financial year ended 31 st March, 2019		
3	Appointment of a Director in place of Mr. Ness N. Wadia (DIN: 00036049) who retires by rotation and being eligible, offers himself for re-appointment		
Special Business			
4	Appointment of Mr. Viraf Mehta as an Independent Non-Executive Director for a term of five years		
5	Re-appointment of Mr. Rajesh Batra as an Independent Non-Executive Director for a second term of five years		
6	Re-appointment of Mr. S. Ragothaman as an Independent Non-Executive Director for a second term of three years		
7	Ratification of the Remuneration of the Cost Auditors, M/s. D. C. Dave & Co.		

Signed this _____ day of _____, 2019.

Affix Revenue Stamp

Signature of Member

Signature of Proxy

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.

*(2) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy holder may vote either for or against the resolution.

AWARD RECEIVED DURING 2018-19

INDIAN CHEMICAL COUNCIL AWARD FOR EXCELLENCE IN
ENERGY CONSERVATION AND MANAGEMENT - 2017



The Indian Chemical Council (ICC) Award for Excellence in Energy Conservation and Management for the year 2017, being presented to Dr. Hasit Dangi, Vice-President – Operations & QA and other NPL Team Members by Mr. P. Raghavendra Rao, Secretary – Department of Chemicals and Petro-Chemicals, Ministry of Chemicals and Fertilizers, Government of India (in centre), on September 28, 2018 in Mumbai.



THE WADIA GROUP

The Group has scaled great heights in innovation and entrepreneurship, inspired by the centuries-old legacy of goodwill and trust. The British Coat of Arms, granted to Nowrosjee Wadia, symbolises this legacy and the Wadia Group's commitment to advancement and innovation.

The crest is a representation of the Group, its philosophy, beliefs and businesses.

The crest and base of the shield represent the family origins in the shipbuilding industry during the 1700s. The middle and upper parts of the shield depict the Group's interests in cotton growing and its links with England in the form of the Lancastrian rose. The hand holding the hammer atop the shield signifies industriousness, together with workmanship and skill.

The sun that surrounds the hand stands for global recognition and merit.

The motto, IN DEO FIDE ET PERSEVERANTIA means 'Trust in God and Perseverance'.

www.wadiagroup.com

National Peroxide Limited

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