

# DE NORA INDIA LIMITED

(Formerly Titanor Components Limited)



ANNUAL REPORT 2014





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<b>REGISTRAR &amp; TRANSFER AGENT</b> Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072 Phone: 022 67720300	Attendance Slip / Proxy Form (Enclosed)	
<b>BANKERS</b> BANK OF BARODA	<b>REGISTERED OFFICE &amp; WORKS</b> PLOT NOS. 184,185 & 189 KUNDAIM INDUSTRIAL ESTATE KUNDAIM, GOA - 403 115 Tel.: 91-832-3981100 Fax.: 91-832-3981101 Email: denoraindia@denora.com Website: <a href="http://www.denoraindia.com">www.denoraindia.com</a>	



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## NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of DE NORA INDIA LIMITED will be held on Monday, June 29, 2015 at 11.00 a.m. at the Registered Office of the Company at Plot Nos.184, 185 & 189, Kundaim Industrial Estate, Kundaim, Goa 403 115, to transact the following business :

### ORDINARY BUSINESS

#### 1. Adoption of Financial Statements, etc. for the Financial Year 2014

To receive, consider and adopt the Balance Sheet as at 31st December, 2014, the Statement of Profit and Loss of the Company and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

#### 2. Declaration of Dividend on Equity Shares

To declare dividend on Equity Shares for the Financial Year ended 31<sup>st</sup> December 2014.

#### 3. Re-appointment of Mr. Krishan Khanna (DIN: 00046548) as Director

To appoint a Director in place of Mr. Krishan Khanna (DIN: 00046548) who retires by rotation and being eligible, offers himself for re-appointment.

#### 4. Appointment of Statutory Auditors

To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Audit Committee of the Board of Directors, M/s. B S R & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 116231W/W-100024) be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Ninth Annual General Meeting of the Company, i.e. for a period of 3 (Three) years, subject to ratification of their appointment at every Annual General Meeting, at such remuneration plus service tax, out-of pocket expenses, etc., as determined by the Board of Directors of the Company."

### SPECIAL BUSINESS

#### 5. Appointment of Mr. Angelo Ferrari (DIN: 00436116) as a Director

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

**"RESOLVED THAT** Mr. Angelo Ferrari (DIN: 00436116) who was appointed by the Board of Directors as an Additional Director of the Company on February 19, 2015 and who holds office up to the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013

("the Act"), but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company subject to retirement by rotation."

**"RESOLVED FURTHER THAT** Mr. Vinay Chopra, Director of the Company, be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

By Order of the Board of Directors

Place : Kundaim – Goa  
Dated: February 19, 2015

**JYOTI BANDODKAR**  
COMPANY SECRETARY

### NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY (IES) NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is attached herewith. Proxies submitted on behalf of the companies, societies, partnership firms etc., must be supported by an appropriate resolution/ authority, as applicable.
- b) The relative Explanatory Statement as required by Section 102 of the Companies Act, 2013 is annexed hereto in respect of the business under item No. 5.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from June 22, 2015 to June 29, 2015 (both days inclusive) for determining the names of members eligible for dividend, if approved, in the Annual General Meeting. In case of shares held in electronic form, dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- d) Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- e) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.
- f) Pursuant to the provisions of Sec. 205A(5) of the Companies Act, 1956, dividend for the financial year ended December 31, 2007 which remain unclaimed till April 15, 2015 will be transferred by the Company to the "Investors Education & Protection Fund" (IEPF)



established by the Central Government. The due date for transfer to IEPF is May 14, 2015.

Unclaimed and unpaid dividend for the Financial Years 1998, 2003, 2004, 2005 and 2006 have already been transferred to "Investors Education And Protection Fund" on October 10, 2005, June 27, 2011, April 20, 2012, May 17, 2013 and July 01, 2014 respectively and no claims shall lie against the Company or the said fund in respect of such dividend which remains unclaimed or unpaid for a period of 7 years from the date when they first became due.

- g) Pursuant to Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. **Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (enclosed) to our Registrar & Transfer Agent:**

**Sharepro Services (India) Private Limited  
13 AB, Samhita Warehousing Complex  
2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange  
Andheri - Kurla Road, Sakinaka, Andheri (East)  
Mumbai – 400 072**

- h) Members are requested to notify immediately any change in their addresses to the Registrar & Transfer Agents at the above address.
- i) As per SEBI's directive, w.e.f. June 26, 2000 all investors can offer delivery of Company's shares in dematerialized form only. 5168973 number of Company's shares (97.37%) have been dematerialized as on 31.12.2014.

Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity. **The Company's ISIN No. is INE244A01016.**

- j) The Company provides the facility of NECS to all Shareholders. Shareholders holding shares in the physical form who wish to avail this facility, may authorize the Company with their NECS mandate in the prescribed form, attached with this Annual Report. The duly filled in NECS mandate should be lodged with the Registrar & Transfer Agents, on or before June 20, 2015. Shareholders holding shares in electronic form should inform the same to their respective Depository Participants immediately.

- k) **Members are also requested to register and update their e-mail address with the Company in order to receive various documents through electronic mode.**

- l) Notice is being sent to all the Members, whose names appear in the Register of Members/ Record of Depositories as on May 15, 2015. Members who have registered their e-mail id with the Company, notice is sent electronically by e-mail and to the remaining Members notice is sent by courier service. The notice of the meeting is also available on the Company's website, [www.denoraindia.com](http://www.denoraindia.com).

- m) Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the

commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.

- n) Brief resume of Directors proposed to be appointed/re-appointed, nature of their expertise in functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees and shareholding, are annexed hereto.

**o) 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, the Company is pleased to provide the members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

II. The Company would also provide the facility for voting through the ballot or polling paper at the Annual General Meeting to the members attending the AGM who have not already cast their vote by e-voting in order to enable them to exercise their right of voting at the meeting.

III. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the Annual General Meeting.

IV. The Instructions/procedure for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

(i) Open email and open PDF file viz.; DeNora\_e-voting.pdf with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>;

Click on Shareholder - Login.

(iii) Put user ID and password as Initial Password/PIN noted in step (i) above. Click 'Login'.

(iv) Password change menu will appear. Change the Password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note your new password. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.

(v) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.



- (vi) Select 'EVEN' of De Nora India Limited.
- (vii) Now you are ready for e-Voting as 'Cast Vote' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit' and also 'Confirm' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have voted on a Resolution, you will not be allowed to modify your vote.
- Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sadashivshet@gmail.com](mailto:sadashivshet@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in);
- B. In case a Member receives physical copy of the Notice of the AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
- | EVEN  | USER ID | PASSWORD / PIN |
|---|---------|----------------|
| (E Voting Event Number)   |         |                |
| (ii) Please follow all steps from Sl. No. (ii) to (xi) above, to cast your vote electronically. |         |                |
- V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- VI. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password /PIN for casting your vote.
- VII You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VIII The e-voting period commences on Friday, June 26, 2015 (9:00 a.m.) and ends on Sunday, June 28, 2015 (5:00 p.m.). **Note: E-voting shall not be allowed beyond the said time.** During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. June 22, 2015 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the member shall not be allowed to change it subsequently or cast the vote again.
- IX The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, i.e., June 22, 2015.
- X Mr. Sadashiv V. Shet, of M/s. Sadashiv. V. Shet, Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XI The Scrutinizer shall immediately after the conclusion of the voting at the Annual General Meeting count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and make, not later than 3 (three) working days of the conclusion of the meeting a Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith.
- XII The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.denoraindia.com](http://www.denoraindia.com) and on the website of NSDL immediately after the result is declared by the Chairman of the Company or a person authorized by him in writing and communicated to BSE Limited and National Stock Exchange of India Limited.
- XIII Those members whose name appears in the Register of Members/Record of Depositories after May 15, 2015 i.e. the date of dispatch of notice of the AGM of the Company up to the cutoff date, they may acquire the details of the e-voting including their User ID and Password from the Company's Registrar and Transfer Agents and from NSDL at the below contact details:
- Mr. V. Kumaresan**  
**Sharepro Services (India) Private Limited**  
**13 AB, Samhita Warehousing Complex**  
**2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange**  
**Andheri - Kurla Road, Sakinaka, Andheri**  
**(East), Mumbai – 400 072**  
**Ph. No. 022 67720329**  
**Email: [kumaresan@shareproservices.com](mailto:kumaresan@shareproservices.com)**
- National Securities Depository Limited**  
**Trade World, 4th floor, Kamala Mills**  
**Compound, Senapati Bapat Marg, Lower**  
**Parel, Mumbai - 400 013**  
**Ph. No. 022 24994200**  
**Email: [ncfm@nsdl.co.in](mailto:ncfm@nsdl.co.in)**
- (p) Relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection at the Registered Office of the Company during normal business hours 9.00 a.m. to 5.00 p. m. on all working days except Saturdays, Sundays and Public Holidays up to and including the date of the Annual General Meeting.

By the Order of the Board of Directors,  
For **De Nora India Limited**

Place: Kundaim, Goa  
Date: February 19, 2015

**Jyoti Bandodkar**  
**Company Secretary**



**ANNEXURE**

I. Name Mr. Krishan Khanna  
(DIN: 00046548)

Age 76 years

Qualification I.Sc. from Benares Hindu University  
B.Tech in Mechanical Engineering  
from I. I. T. Kharagpur

Expertise Mr. Khanna is a Mechanical Engineer having specialization in Manufacturing Technology with 52 years' experience in Industry, Education, Business Development, Governance and Corporate Management. He is the Founder Trustee and the Chairman of *iWatch*, a Non-Governmental Organisation for promoting relevant education and vocational training. He has wide exposure in the social sector and has been involved in joint business ventures and business partnerships with 15 different countries. He has gathered experience in execution of projects in the fields of promoting education, generation of employment through imparting vocational training and skills, Corporate Governance and Administration through CSR activities.

Other Directorship/ Committee Membership  
1. i2K Solutions Pvt. Ltd.

Details of Shareholding : NIL

II. Name Mr. Angelo Ferrari  
(DIN: 00436116)

Age 54 years

Qualification Degree in Business Administration  
C/O "Luigi Bocconi" University in Milan.

Expertise Educated in Italy, Mr. Angelo Ferrari has more than 28 years of extensive experience and renowned knowledge in the areas of Finance, Administration and Control functions. He has been associated with the parent company since last 28 years. He is presently the head of Group Corporate Finance and Special Projects Activity in Industrie De Nora S.p.A. He has also been the head of the Group Governance and Special Projects Activity in Federico De Nora. He is currently associated as a Director of various De Nora Group Companies. He also has vast experience as an Internal Auditor and Corporate Planner in different companies.

Other Directorship/ Committee Membership

1. Oronzio De Nora International B. V., Netherlands – Managing Director
2. De Nora Deutschland GmbH, Germany – Managing Director
3. Jetnor B. V. – Managing Director
4. Capannoni S.r.l. - Director

Details of Shareholding : NIL





## EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("the Act"), sets out all material facts relating to the business mentioned at Item No. 4 & 5 of the accompanying Notice dated February 19, 2015:

### Item No. 4

The explanatory statement for item no. 4 is provided though strictly not required as per Section 102 of the Act.

M/s B S R & Co. LLP Chartered Accountants, Mumbai (ICAI Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company for the Financial Year 2014 at the Annual General Meeting (AGM) of the Company held on May 14, 2014 and hold office until the conclusion of the ensuing Annual General Meeting of the Company. M/s B S R & Co. LLP has been the Statutory Auditors of the Company since Financial Year 2008 and has completed a term of 7 years.

In terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, a listed company cannot appoint or re-appoint an audit firm as an Auditor for more than two terms of five consecutive years. The period for which the firm has held office as Auditor prior to the commencement of the Companies Act, 2013 shall be taken into account for calculating the period of 10 (Ten) consecutive years. Further Section 139 of the Companies Act, 2013 has also provided a period of 3 (Three) years from the date of commencement of the Act to comply with this requirement.

Accordingly, the Company had proposed to the current auditors for the above appointment in the ensuing Annual General Meeting of the Company to be held on June 29, 2015 for a further term of 3 years as required under the provisions of the Companies Act, 2013 and rules made thereunder. However, the Statutory Auditors of the Company have expressed their unwillingness to be appointed as the Statutory Auditors of the Company for the next term.

In lieu of the above, the Company had approached M/s B S R & Associates LLP Chartered Accountants, Mumbai (ICAI Firm Registration No.116231W/W-100024), a LLP firm under the same network of audit firm (M/s. B S R & Associates) as that of the outgoing auditors. The Company has received a letter from them providing consent to the above appointment and to the effect that their appointment, if made would meet the requirements of the provisions of the Companies Act, 2013 and the rules made thereunder.

Since the proposed auditors are associated with the outgoing auditor firm and work under the same network of audit firm (M/s. B S R & Associates), their appointment would be also for a term of next three years as provided under the provisions of the Companies Act, 2013 and rules made thereunder.

Hence, M/s B S R & Associates LLP, being eligible for appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on February 19, 2015 proposed the appointment of M/s B S R & Associates LLP as the Statutory Auditors of the Company for a period of three years to hold office from the conclusion of this Annual General Meeting till the conclusion of the Twenty-Ninth Annual General Meeting of the Company to be held in the year 2018. (subject to the ratification of their appointment at every Annual General Meeting)

The Board recommends the Resolution at Item No. 4 for approval by the members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item no. 4 of the accompanying Notice.

### Item No. 5

The Board of Directors ('the Board') appointed Mr. Angelo Ferrari (DIN: 00436116) as an Additional Director of the Company on February 19, 2015, pursuant to Section 161 of the Act and Article 139 of the Articles of Association of the Company on the recommendations of the Nomination and Remuneration Committee of the Board. Under Section 161 of the Act, Mr. Angelo Ferrari ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director. Notice under Section 160 of the Act has been received from a Member signifying his intention to propose Mr. Ferrari's appointment as a Director along with the deposit of the requisite amount.

Brief Information of Mr. Angelo Ferrari is given in the Information attached to the Notice.

The Board considers it desirable that the Company should continue to avail of the services of Mr. Angelo Ferrari and accordingly recommends the Resolution at Item No. 5 for approval by the Members.

Mr. Angelo Ferrari is not related to any other Director of the Company.

Except Mr. Robert Scannell (DIN: 06818489), the Non-Executive Director of the Company and Mr. Angelo Ferrari, none of the other Directors, Key Managerial Personnel and their relatives, are interested in the resolution.

By Order of the Board of Directors

Place: Kundaim - Goa  
Dated: February 19, 2015

**JYOTI BANDODKAR**  
**COMPANY SECRETARY**



## DIRECTORS' REPORT

TO

THE MEMBERS OF DE NORA INDIA LIMITED

The Directors have pleasure in presenting the 26<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> December, 2014. As required under the Ministry of Corporate Affairs General Circular 08/2014 No. 1/19/2013-CL-V dated April 4, 2014, the Financial Statements and other reports required to be attached to the Annual Report for Financial Year 2014 are governed by the relevant provisions, schedules, rules of the Companies Act, 1956.

### FINANCIAL RESULTS

	(RS. IN MILLIONS)	
	2014	2013
Sales & Other Income (Net of duties)	<b>327.66</b>	369.18
Profit/(Loss) before Depreciation & Taxation	<b>72.24</b>	76.31
Provision for Depreciation	<b>12.01</b>	7.14
Provision for Taxation for current/prior years	<b>16.62</b>	30.63
Deferred Taxation (Liability)/Asset for current/prior years	<b>1.08</b>	(9.21)
Net Profit after Tax	<b>42.53</b>	47.75
Balance of Profit brought forward	<b>175.84</b>	157.98
Transfer To General Reserves	<b>4.26</b>	4.78
Proposed Dividend	<b>7.96</b>	21.23
Tax on Dividend	<b>1.35</b>	3.89
Balance of Profit carried forward to next year	<b>204.80</b>	175.84

### DIVIDEND

The Directors of the Company recommend a Dividend of 15% of the paid-up capital (i.e. Rs. 1.5/- per share) for the year ended 31<sup>st</sup> December, 2014 absorbing an amount of Rs. 9.32 Million of distributable profits, inclusive of tax on dividend as against 40% dividend (i.e. Rs. 4/- per share) for the previous year 2013. The Directors feel the need to conserve the cash to efficiently maintain the operating cycle and for future growth prospects.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 29<sup>th</sup> June, 2015, will be paid on or after 14<sup>th</sup> July, 2015 to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Monday, 22<sup>nd</sup> June, 2015 to Monday, 29<sup>th</sup> June, 2015 (inclusive of both dates).

### OPERATIONS

The Company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business.

However, the year under review was very difficult and challenging. Even though, the sales turnover of the Company for the year under review was lower than the previous year, the profitability for the year has been affected drastically and the Company has reported lower profit for the year ended 31<sup>st</sup> December, 2014, due to weak industrial activity and sluggish market conditions in India. The Company is making all round efforts to overcome these difficulties in this competitive environment and is optimistic that the Company's various initiatives and cost reduction schemes will give positive results in the current year.

### OUTLOOK

The Company is looking forward to maintain its position of market leader in Membrane Recoating Activity and Cathodic Protection Systems. The Directors are hopeful that ongoing efforts made in the field of Chlorate Cells fabrication would pave way for the future growth of the Company.

DNIL has successfully developed the new business of supplying of special electrodes for water treatment mainly for treating pharmaceutical waste water. DNIL was able to achieve the expected business in 2014 & looks forward to continue to develop this biz in 2015 as well. DNIL is also continuing to market new products of De Nora Next namely: Solar Mac NGO™ & Giselle.

### DIRECTORS

During the year, Mr. Luca Buonerba, who was a Non-Executive Director, resigned from the directorship of the Company with effect from 13.02.2014 and Mr. Robert Scannell was appointed as the Additional Director with effect from 12.02.2014. Mr. Robert Scannell's appointment as a Non-Executive Director was regularized in the 25<sup>th</sup> Annual General Meeting of the Company held on 14.05.2014. In compliance with the provisions of the new Companies Act, 2013 and the Amended Clause 49 of the Listing Agreement, the Board of Directors of the Company appointed Mrs. Sarita D'Souza as an Additional Director on the Board to act as the Independent Woman Director w.e.f. 22.08.2014.

Further, as per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, all the three Independent Directors, Mr. M. A. Sundaram, Mr. Ramesh V. N. P. R. Sardesai and Mrs. Sarita D'Souza were reappointed as the Independent Directors of the Company in the Extra-Ordinary General Meeting of the Company held on 29<sup>th</sup> September 2014 for a period of 5 years in compliance with the above provision. The Company has also received declarations from the said Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

Mr. Ravi Menezes and Mr. Premal N. Kapadia stepped down as Directors of the Company during the year w.e.f.



27<sup>th</sup> November 2014 and 12<sup>th</sup> December 2014 respectively. The Board placed on record its appreciation for the valuable services rendered by Mr. Ravi Menezes and Mr. Premal Kapadia.

The Board of Directors also deeply mourn the sad demise of one of the Independent Directors of the Company, Mr. Ramesh V. N. P. R. Sardesai on 18<sup>th</sup> December 2014 and acknowledges the outstanding contribution made by him as the Independent Director of the Company during his tenure.

The Board has appointed Mr. Angelo Ferrari as an Additional Director of the Company with effect from February 19, 2015. In accordance with Section 161 of the Companies Act, 2013 (erstwhile Section 260 of the Companies Act, 1956), Mr. Angelo Ferrari holds office upto the date of the forthcoming Annual General Meeting of the Company and his candidature for appointment as a Director has been included in the notice convening the forthcoming Annual General Meeting of the Company.

In accordance with the provisions of the Companies Act, 2013 (erstwhile Companies Act, 1956) and the Articles of Association of the Company, Mr. Krishan Khanna, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment. The Board recommends his re-appointment.

A Brief resume of the Directors seeking appointment/ re-appointment, the nature of their expertise in specific functional areas, names of companies in which they hold directorships and the memberships of committees of the Board, their shareholdings, etc. are attached with the Notice of the Annual General Meeting of the Company.

#### **CORPORATE GOVERNANCE**

Pursuant to Amended Clause 49 of the Listing Agreement with the National Stock Exchange of India Ltd., Management Discussion and Analysis Report, Corporate Governance Report and Practicing Company Secretary's Certificate regarding compliance with the Code of Corporate Governance are made part of the Annual Report.

#### **CRITERIA FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS**

As per the requirements of the provisions of the Amended Clause 49 of the Listing Agreement, the Company hereby discloses the criterias for the performance evaluation of Independent Directors of the Company as laid down by the Nomination and Remuneration Committee of the Board. The performance of the Independent Directors would be judged on the following parameters:

- Expertise in the matters requiring their knowledge and skills.
- Inputs received by the person during Board Meetings/ Committee Meetings
- Problem solving skills and strategic decision making abilities

- Contribution in the achievement of business targets
- Professional knowledge, expertise and experience employed in the interest of the Company

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The company has conducted familiarization programme for its Independent Directors on 31.10.2014 details of which could be found on the following web link:

<http://www.denoraindia.com/Downloads/en-US/FamiliarisationProgrammeDNIL.pdf>

#### **CEO/CFO CERTIFICATION**

A certificate from the Manager and the Chief Financial Officer on the financial statements of the Company, as required under Clause 49 of the Listing Agreement with the National Stock Exchange was placed before the Board.

#### **INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENT**

The shares of the Company are presently listed at The National Stock Exchange of India Limited, Mumbai under the Stock Code **DENORA EQ** and the Company has paid listing fee upto March 31, 2015 in respect of the above stock exchange.

#### **ISO CERTIFICATION**

The Company has maintained its continued endeavor in terms of quality and maintenance of International Standards. The Company has got the prestigious certification for ISO 9001:2008 for Quality Management System from JAS-ANZ on 07.08.2013 valid till 06.08.2016 for the production and trading of Titanium Anodes/ Nickel Cathodes for Chlor-alkali Industry used for NaOH/ KOH/Cl<sub>2</sub>, Chlorate Cells for production of Sodium Chlorate, Electro Chlorinators for On-site Hypo, Cathodic Protection Systems and Surface Finishing Products.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:-

- in the preparation of the annual accounts for the financial year ended December 31, 2014 the applicable accounting standards have been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance



of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- they have prepared the annual accounts for the financial year on a going concern basis.

#### **AUDITORS**

M/s B S R & Co. LLP Chartered Accountants, Mumbai (ICAI Firm Registration No.101248W/W-100022), the statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting of the Company. The said Auditors have been holding office as the Statutory Auditors of the Company for a period of 7 (Seven) consecutive financial years. In terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, a listed company cannot appoint or re-appoint an audit firm as an Auditor for more than two terms of five consecutive years. The period for which the firm has held office as Auditor prior to the commencement of the Companies Act, 2013 shall be taken into account for calculating the period of 10 (Ten) consecutive years, as the case may be. Further, Section 139 of the Companies Act, 2013 has also provided a period of 3 (Three) years from the date of commencement of the Act to comply with this requirement.

Accordingly, they can be appointed as Auditors for a further period of 3 (three) years only in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. Hence, it was proposed to appoint M/s B S R & Co. LLP Chartered Accountants, Mumbai (ICAI Firm Registration No. 101248W/W-100022) as the statutory auditors of the Company to hold office from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Ninth Annual General Meeting of the Company, i.e. for a period of 3 (Three) years, subject to ratification of their appointment at every Annual General Meeting. The statutory auditors however, have conveyed their unwillingness to be appointed as the statutory auditors of the Company for the above term due to their internal restructuring.

In lieu of the above, the Company proposed to appoint M/s B S R & Associates LLP Chartered Accountants, Mumbai (ICAI Firm Registration No.116231W/W-100024), a LLP firm under the same network of audit firm (M/s. B S R Affiliates) as that of the outgoing auditors, as the statutory auditors of the Company to hold office for the remaining term of 3 years, since, they are associated with B S R & Co. LLP Chartered Accountants, Mumbai, the ex-auditor of the Company, until the conclusion of the Annual General Meeting of the Company to be held in the year 2018. The Company has received a letter from them providing consent to the above appointment and to the effect that their appointment, if made would meet the requirements of the provisions of the Companies Act, 2013 and rules made thereunder.

Accordingly, approval of the members to the appointment of M/s B S R & Associates LLP Chartered Accountants, Mumbai (ICAI Firm Registration No.116231W/W-100024) as the Statutory Auditors of the Company for a period of three years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Twenty-Ninth Annual General Meeting of the Company to be held in the year 2018 (subject to the ratification of their appointment at every Annual General Meeting) is being sought at the ensuing Annual General Meeting.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per provision 135 of the Companies Act, 2013 and rules made thereunder, every Company having a net profit of Rs. 5 Crore during any financial year would be required to constitute a Corporate Social Responsibility Committee and spend 2% of its average net profits made during the immediately preceding financial years towards CSR activities in pursuance of a policy on CSR to be framed by the CSR Committee. It further requires the Board's report to give a note on such activities and in the event of shortfall from the specified quantum, the reasons for the same to be explained therein. Since the Company has a net profit of Rs. 5 Crore in its preceding financial years, the Company is covered under the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

A Committee of the Board has already been constituted with Mr. M. A. Sundaram, an Independent Director as its Chairperson. The Committee has also framed a Policy on Corporate Social Responsibility in compliance with the above provision.

During the year, the Company was unable to spend any amount on CSR activities due to paucity of time after forming the Committee till the year end. However, the Company continues to endeavor holding the CSR commitments in the true spirit going forward.

#### **CHANGE IN THE FINANCIAL YEAR OF THE COMPANY**

The provisions of the new Companies Act, 2013 mandates all Companies to adopt a uniform Financial Year (FY) of 1<sup>st</sup> April to 31<sup>st</sup> March with limited exception to a Company which is a holding company or subsidiary of a company incorporated outside India which may be required to follow a different FY for consolidation outside India.

Hence, in order to fulfill the above requirement of law, the Board of Directors of the Company have decided to change the FY of the Company from 1<sup>st</sup> January – 31<sup>st</sup> December to 1<sup>st</sup> April - 31<sup>st</sup> March with effect from the close of the FY 2014. Accordingly, the Financial Year of the Company for 2015 would be for a period of 15 months commencing from 1<sup>st</sup> January 2015 to 31<sup>st</sup> March 2016.

#### **COST AUDITORS**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, M/s K. C. Kohli & Co., Delhi, having



Firm Registration No. 100541 had been appointed as the Cost Auditors of the Company for auditing the Company's cost accounts relating to the company products for the Financial Year ended 31st December 2014. The due date for filing the Cost Audit Report for the year ended 31st December 2014 is 29<sup>th</sup> June 2015 and the same will be filed with the Ministry of Corporate Affairs within the due date.

#### **PERSONNEL**

The information required under Section 217(2A) of the Companies Act, 1956, and the Rules framed there under is annexed hereto as Annexure 'A' and forms part of the Report.

#### **FIXED DEPOSITS**

The Company has not invited or accepted any fixed deposits during the financial year and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

#### **WHISTLE BLOWER POLICY**

The Company had formulated a policy to provide adequate safeguards against victimization of employee(s) and Director(s) who report any violation of the Code of Conduct or any unethical behaviour, actual or suspected fraud or improper practice to the Top Management and Audit Committee and to prohibit managerial personnel from taking adverse personnel action against employees/Directors as a result of the employees'/Director's good faith disclosure of alleged wrongful conduct to the Audit Committee on a matter of public concern. No personnel/Director has been denied access to the Audit Committee. The details of the establishment of such policy are disclosed on the Company's website [www.denoraindia.com](http://www.denoraindia.com).

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year 2014 were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has also framed a policy on dealing with the related parties and has disclosed the same on the Company's website at [www.denoraindia.com](http://www.denoraindia.com).

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure 'B' forming part of this report.

#### **ACKNOWLEDGEMENT**

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, Regulatory & Government authorities, Stock Exchanges and all other business associates for the continuous support given by them to the Company and their confidence in its management.

For and On behalf of the Board of Directors

Place : Kundaim, Goa  
Dated: February 19, 2015

**M. A. SUNDARAM**  
**CHAIRMAN**



## **ANNEXURE 'A' TO DIRECTORS' REPORT**

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st December, 2014.

There was no employee for year ended 31st December, 2014 who was in receipt of remuneration for that year which, in the aggregate was not less than Rs. 60,00,000 per annum.

## **ANNEXURE 'B' TO DIRECTORS' REPORT**

INFORMATION IN ACCORDANCE WITH SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### **A. CONSERVATION OF ENERGY**

Though the manufacturing operations involve consumption of energy, it is not of major significance. The Company is not covered under the list of industries required to furnish information in Form 'A'.

### **B. TECHNOLOGY ABSORPTION**

#### **RESEARCH & DEVELOPMENT**

Your Company has ongoing technical collaboration for Ion Exchange Membrane Electrolysers for Chlor-Alkali Industry, Electrochlorinators for Water Treatment and Cathodic Protection (Anti corrosion) Systems. These agreements are performed through Industrie De Nora S.p.A. Your Company did not incur any expenditure on R&D during the year under review.

#### **TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

The Company is in the process of acquiring the technology for repair/recoating of NAOL-ODC & HCL-ODC membrane technology from Industrie Denora S.p.A. Milan, Italy.

### **C. FOREIGN EXCHANGE EARNINGS & OUTGO**

The information on foreign exchange earnings are detailed in Note No. 35(a) and foreign exchange outgo is detailed in Note No. 35 (b) to the Accounts.

For and On behalf of the Board of Directors

Place : Kundaim, Goa  
Dated: February 19, 2015

**M. A. SUNDARAM**  
**CHAIRMAN**



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

De Nora India Limited (DNIL) is engaged in the manufacture and coating of anode and cathode for electrolytic process for several industrial applications like for instance in the chlor-alkali industry, water and waste water treatment, pulp and paper manufacturing, surface finishing and plating industries and cathodic protection systems of steel structure and of cement. All these applications are developing starting from the expertise of its main shareholder in electrolytic processes and in catalytic coatings.

DNIL was set up with technical and financial collaboration of "Gruppo De Nora" of Italy, a world market leader in this segment. The Company's core business lies in Chlor-alkali sector, which is highly cyclic in nature. In order to reduce the fluctuation of turnover, the Company expanded its activities in other markets, introducing and then manufacturing in its factory important technologies such for instance Cathodic Protection Systems, Electrochlorination Systems, and Platinized Titanium Anodes for surface finish application. Over the years DNIL established itself as a recognized leader of the industries it serves with high standard of quality of its products and services.

Recoating of anode and cathode is a specialised process, formulation of which involves use of noble metals. These formulations and processes are proprietary and because of its affiliation to "Gruppo De Nora", the Company has the authority to use these formulations and processes, giving it the prominent market share in India. DNIL not only provides support to Chlorine Engineers, Krupp Uhde and Severn Trent De Nora customers in India but is also equipped to give technical support to all other technology suppliers of electrolytic processes sector.

### **OPPORTUNITIES AND THREATS**

The Goa factory is equipped with all the necessary equipment and facilities to meet the demands of the Chlor-alkali industry. The Company continues to remain the market leader in the Chlor-alkali and Cathodic Protection Systems business. The main activity of the Company is dependent on recoating of electrode for membrane cell electrolyzers in chlor-alkali plant, which is cyclic in nature because the life of the coating lasts for 6 to 8 years, now since plants have become older the cycle is flating, resulting in lower risks.

The income from recoating business contributes a major share in Company's total income and lesser demand for recoating business due to the cyclic nature was the main cause for reduced turnover during this year. The Mercury Cell Plants are gradually being converted into Membrane Cell Plants. Your Company does not get the business of Anode/Cathodes coating at this conversion stage since these are inbuilt in the new cells and the complete set of cell elements are imported by the customers. Your Company

is not in the business of manufacturing membrane cell elements and the recoating business in respect of these anode/cathodes will happen only after 8 years.

### **ELECTROCHEMICAL PRODUCTS PERFORMANCE**

The Company registered turnover of Rs. 305.21 million during the year from the sale of its products.

### **OUTLOOK**

The Company is looking forward to maintain its position of market leader in membrane recoating activity and cathodic protection systems. The Directors are hopeful that ongoing efforts made in the field of chlorate cells fabrication would pave way for the future growth of the Company.

DNIL has successfully developed the new business of supplying special electrodes for water treatment mainly for treating pharmaceutical waste water. DNIL was able to achieve the expected business in 2014 & looks forward to continue to develop this biz segment in 2015 as well. DNIL is also continuing to market new products of De Nora Next namely: Solar Mac NGO™ & Giselle.

### **RISKS & CONCERNS**

Excessive dependency on Chlor-alkali business increases risks and the Company is taking steps to minimize this risk by developing the market of its other products as well as introducing new products/technologies in the market. The electrochlorination business is hampered by severe price competition due to entry of various small competitors having significant influence in their limited area of operation. The electrochlorination business requires aggressive pricing and several distributors in the territory.

The major area of concern for the Company is the impact in contribution caused by the uncontrollable changes in the raw material cost. The Company tries to minimise the risk by incorporating Price Variance Clause in the Orders. In the event the Company is not able to enforce the Price Variance Clause in the Orders, the secondary option is placing the order for full quantity of noble metals soon after signing of each big order, even if the project execution is of a longer duration.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an effective and adequate system of internal control, commensurate with the size and nature of the business of the Company. Checks and balances are in place to ensure the reliability and accuracy of accounting data. The systems are aimed at ensuring adherence to policies. A system of validation, approval and authorization, physical safeguards and access restrictions are given utmost importance.

The internal control is supplemented by Internal Audit conducted by Independent Auditors on a quarterly basis. The reports of the Internal Auditors, their findings, recommendations and the compliance thereof, are



reviewed by the Management and the Audit Committee of the Board of Directors. The adequacy of the internal control systems is also examined by the Statutory Auditors of the Company.

#### **FINANCIAL PERFORMANCE**

During the financial year under review, the Company achieved a turnover (Sales and other income) of Rs. 327.66 millions and the Profit after Tax of Rs. 42.52 millions.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCE**

Human resources continue to be a key thrust area. The Company's relationship with the work force and the union continues to be very cordial indicating the prevalence of high degree of excellent relationship between employees and management. The management has been able to develop a harmonious and cordial industrial relations environment in the Company through regular, periodic meetings with the employees' representatives. Issues of concerns of employees are resolved through mutual, collaborative and participative discussions.

The Company has also continuously endeavored towards improving gender diversity and creating a safe, just and fair workplace for its employees. In line with the provisions of the 'The Sexual Harassment of Women at Workplace

(Prevention of Sexual Harassment Avoidance and Redressal) Act, 2013, the Company has formed an Internal Complaints Committee (ICC) with set guidelines to address issues of sexual harassment at the work place towards any woman associates. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability etc. All the women employees (permanent, temporary, contractual and trainees) as well as any women visiting the Company's premises or women service providers are allowed to have access to the ICC. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

#### **CAUTIONARY STATEMENT**

Estimates and expectations stated in this Management Discussion and Analysis 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 your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, statutes and other incidental factors.





## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

De Nora India Limited (DNIL) is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self-desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. Our governance philosophy rests on five basic tenets viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure. DNIL is striving for excellence through adoption of best governance and disclosure practices which go beyond the statutory and regulatory requirements as its endeavor is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities.

### Compliance with Clause 49 of the Listing Agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement formulated by the Securities and Exchange Board of India (SEBI) including its amendments from time to time.

#### 1. Board of Directors

The Board of Directors along with its Committees

provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company.

#### (A) Composition of the Board as on 31-12-2014

The Board of Directors of the Company as on 31.12.2014 comprises of one Executive Director and four Non-Executive Directors, out of which two are Independent Directors including one Woman Director. The Company has a Non-Executive Chairman and the number of Independent Directors is more than one third of the total number of Directors. All the Independent Directors have confirmed that they meet the 'Independence' criteria as mentioned under the amended Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013. The number of Non-Executive Directors is more than 50% of the total number of Directors. The composition of the Board is in conformity with the requirements of the amended Clause 49 of the Listing Agreement.

The details of the composition, nature of directorship, the attendance in Board/Annual General Meeting of the Company, directorships held in other companies by the Directors of the Company are detailed below:

Name of the Director	Nature of Directorship	Attendance Particulars		No. of Other Directorship	Committee Membership/ Chairmanship in other companies	
		Board Meeting	Last AGM		Chairman	Membership
Mr. P. N. Kapadia (DIN: 00042090)	Chairman <sup>#</sup> , Non-Executive Director	2	No	4	-	2
Mr. Vinay Chopra (DIN: 06543610)	Executive Director	5	Yes	-	-	-
Mr. Robert Scannell (DIN: 06818489)	Non-Executive Director	1	Yes	-	-	-
Mr. Ravi Menezes <sup>^</sup> (DIN: 06572512)	Executive Director	-	No	-	-	-
Mrs. Sarita D'Souza <sup>+</sup> (DIN: 06949439)	Non-Executive and Independent Director	1	NA	-	-	-
Mr. M.A. Sundaram <sup>%</sup> (DIN: 00144607)	Non-Executive and Independent Director	4	Yes	-	-	-
Mr. Krishan Khanna (DIN: 00046548)	Non-Executive Director	4	No	-	-	-
Mr. Luca Buonerba <sup>*</sup> (DIN : 02718942)	Non-Executive Director	-	NA	-	-	-
Mr. R. V. N. P. R. Sardessai <sup>@</sup> (DIN : 00002327)	Non-Executive and Independent Director	4	Yes	-	-	-

<sup>#</sup> Mr. Premal N. Kapadia ceased to be the Chairman and Director of the Company w.e.f. 12.12.2014

<sup>^</sup> Mr. Ravi Menezes ceased to be the Executive Director of the Company w.e.f. 27.11.2014

<sup>+</sup> Mrs Sarita D'Souza was appointed as the Additional Director w.e.f. 22.08.2014 and as an Independent Woman Director of the Company w.e.f. 29.09.2014

<sup>\*</sup> Mr. Luca Buonerba ceased to be the Non-Executive Director of the Company w.e.f. 13.02.2014

<sup>@</sup> Mr. Ramesh V. N. P. R. Sardessai expired on 18<sup>th</sup> December 2014

<sup>%</sup> Mr. M. A. Sundaram was appointed as the Chairman of the Board w.e.f. 19.02.2015



**Note:**

- (a) Directorship and Committee Membership/Chairmanship in foreign companies, private limited companies and companies registered under Section 8 of the Companies Act, 2013 (erstwhile Section 25 of the Companies Act, 1956) are excluded.
- (b) The above information includes Chairmanship/Membership in Audit Committee and Stakeholder's Relationship Committee (erstwhile Shareholder's Grievance Committee) of public limited companies whether listed or not.
- (c) Membership of Committees includes Chairmanship also.
- (d) None of the Directors are related to each other.

**(B) Independent Directors**

Further, in line with the amended provision II(B)(3)(a) of Clause 49 of the Listing Agreement, the Company has appointed the Independent Directors of the Company for a term of 5 years in the Extra-Ordinary General Meeting convened on 29.09.2014. The Company has also issued a formal letter of appointment to the Independent Directors in the manner as provided in the Companies Act, 2013, the terms and conditions of which are disclosed on the Company's website [www.denoraindia.com](http://www.denoraindia.com) for the information of the stakeholders of the Company.

The Nomination and Remuneration Committee of the Board has laid down the evaluation criteria for the performance evaluation of the Independent Directors which has been disclosed in the section "Director's Report" in this Annual Report. The Board would formally initiate the process of evaluating the performance of the Independent Directors based on the above criterias.

**(C) Meetings of the Independent Directors**

For the Financial Year 2014, the Independent Directors have met once on 31.10.2014 which was attended by all the Independent Directors. Since the Company follows a Financial Year from January to December, the Directors shall review the performance of the Non-Independent Directors, the Chairperson of the Company and the entire Board on completion of the Financial Year 2014 in the first half of the calendar year 2015.

**(D) Training of Board Members/Independent Directors**

Inputs are given to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors. The Directors interact with the Management in a very free and open manner on information that may be required by them.

The Company has also organized an informative session on 31.10.2014 for the Independent Directors of the Company familiarizing them about the Company, the role, duties and responsibilities of the Independent Directors

in the Company and also about the Director's Responsibility Statement and changes that would have to be made in the content of next year's Directors' Report to the shareholders. They were also appraised about the statutory compliances as a Board Member including their roles, rights and responsibilities. The details of such familiarization programs organized for the Independent Directors can be found on the below link:

<http://www.denoraindia.com/Downloads/en-US/FamiliarisationProgrammeDNIL.pdf>

**(E) Non-Executive Directors' compensation and disclosures**

Name of the Director	Sitting Fees (Rs.)	Consultancy Fees (Rs.)	Total (Rs.)
Mr. P. N. Kapadia	10,000	-	10,000
Mr. R. V. N. P. R. Sardessai	60,000	-	60,000
Mr. M. A. Sundaram	60,000	-	60,000
Mr. Robert Scannell	5,000	-	5,000
Mr. Krishan Khanna	20,000	-	20,000
Mr. Luca Buonerba	-	-	-
Mrs. Sarita D'Souza	5,000	-	5,000

- Sitting Fees constitute fees paid to Non-Executive Directors for attending Board Meetings, Committee Meetings and the Extra Ordinary General Meeting.
- The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2014, except as stated above.
- As on 31st December, 2014, no Director of the Company holds any shares of the Company.
- The Company does not have any stock option scheme as on 31<sup>st</sup> December 2014.
- No Commission was paid to any Non-Executive Director for the FY 2014.

**Remuneration to Manager**

Particulars	Amount in Rs.
Salary	13,94,435
Perquisites	
- Medical Reimbursement	45,284
- Leave Encashment	-
Performance related bonus	7,50,000
<b>Total</b>	<b>21,89,719</b>
Company's contribution to funds	
- Provident Fund	80,769
- Superannuation Fund	1,00,962



**Remuneration to Executive Director**

Particulars	Amount in Rs.
Salary	10,84,719
Perquisites	
- Medical Reimbursement	20,244
- Leave Encashment	-
Performance related bonus	-
<b>Total</b>	<b>11,04,963</b>
Company's contribution to funds	
- Provident Fund	60,310
- Superannuation Fund	73,820

- (a) The Manager was appointed with effect from 16.07.2013 for a period of 3 years in the 24<sup>th</sup> Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat.
- (b) Mr. Ravi Menezes, Executive Director resigned from the directorship of the Company w.e.f. 27.11.2014.
- (c) The performance related bonus is computed on the basis of the performance of the Manager/Executive Director during the year and is decided by the Board.
- (d) The Company does not have any Stock Option Scheme.

**(F) Other provisions as to Board and Committees**

The Board held five meetings during the year 2014 on 12<sup>th</sup> February 2014, 12<sup>th</sup> May 2014, 29<sup>th</sup> July 2014, 22<sup>nd</sup> August 2014 and 31<sup>st</sup> October, 2014. The maximum time gap between any two consecutive meetings did not exceed four months.

The agenda papers were circulated well in advance of each meeting and all the relevant information as required by Clause 49 of the Listing Agreement (including any amendments thereof) was made available to the Board of Directors for their discussion and consideration at the meetings.

None of the Directors on the Company's Board is a member of more than ten Committees and Chairman of more than five Committees [Committees being, Audit Committee and Stakeholder's Relationship Committee (erstwhile Shareholder's Grievance Committee)] across all the Indian public limited companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and they do not hold the office of Director in more than twenty companies, including ten public companies. None of the Directors have served as an Independent Director in more than seven listed Companies.

The Board reviews the declarations made by the Management regarding compliance with all the applicable laws on an annual basis as also steps are taken to remediate instances of non-compliance.

The Board is also under the process of putting in place plans for the orderly succession for appointments to the Board and to the Senior Management.

**(G) Code of Conduct**

The Company has reformulated the code of conduct for Directors and Senior Management in accordance with the provisions of the amended Clause 49 of the Listing Agreement suitably incorporating the duties of the Independent Directors. The code has been circulated to all the Board members and Senior Management and the same has also been posted on the website of the Company [www.denoraindia.com](http://www.denoraindia.com). All Board members and Senior Management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the Manager of the Company.

**(H) Whistle Blower Policy**

The Company has formulated a vigil mechanism and adopted a revised Whistle Blower Policy in line with the requirements of the amended Clause 49 of the Listing Agreement in order to provide adequate safeguards against victimization of employee(s)/Director(s) who report any violation of the Code of Conduct or any unethical behaviour, actual or suspected fraud or improper practice to the Top Management and Audit Committee and to prohibit Managerial Personnel from taking adverse personnel action against employees/Executive Directors as a result of the employees'/Executive Director's good faith disclosure of alleged wrongful conduct to the Audit Committee on a matter of public concern. No personnel/Director has been denied access to the Audit Committee. The details of the establishment of such policy are disclosed on the Company's website [www.denoraindia.com](http://www.denoraindia.com).

**2. Audit Committee**

Your Company has a qualified and independent Audit Committee at the Board level with the powers and role that are in accordance with sub-clause III of the amended Clause 49 of the Listing Agreement (erstwhile Clause 49 II (C) and (D) of the Listing Agreement) and in compliance with Section 177 of the Companies Act, 2013 (Erstwhile Section 292A of the Companies Act, 1956). The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. During the year under review, the Committee comprised of two Independent Directors and one Non-Executive Director. However, due to the sudden demise of one Independent Director, Mr. Ramesh V. N. P. R. Sardessai on 18.12.2014, the Board has reconstituted the Committee and has appointed another Independent Director, Mrs. Sarita D'Souza as the member of the



Audit Committee in its meeting held on February 19, 2015. All the members of the Committee (including ex-member) are financially literate and the Chairman, Mr. M. A. Sundaram has vast experience on financial & business matters. The Audit Committee comprises of the following Directors as under:-

- Mr. M. A. Sundaram - Independent, Non-Executive - Chairman
- Mr. Robert Scannell - Non-Executive – Member
- Mrs. Sarita D'Souza – Independent, Non-Executive – Member

The Committee met 4 times during the year on 10-02-2014, 09-05-2014, 29-07-2014, and 31-10-2014 and not more than 4 months has elapsed between two meetings. The quorum of the Committee is two members or one third of its members, whichever is higher.

Mr. M. A. Sundaram and Mr. R. V. N. P. R. Sardessai attended all the 4 meetings during the year whereas Mr. Robert Scannell attended the meetings through video conference though the same were not able to be recorded as required under the relevant provisions of the Companies Act, 2013 and rules made thereunder. Mr. Vinay Chopra, Manager is a permanent invitee who along with the representatives of Statutory and Internal Auditors of the Company and the Chief Financial Officer also attended all the Audit Committee Meetings. Ms. Jyoti Bandodkar, Company Secretary, acts as the Secretary of the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in sub-clause III of the amended clause 49 of the Listing Agreement (erstwhile Clause 49 II (C) and (D) of the Listing Agreement).

The previous Annual General Meeting of the Company was held on May 14, 2014 and was attended by Mr. M. A. Sundaram, Chairman of the Audit Committee.

### **3. Nomination & Remuneration Committee**

The Company had constituted a Remuneration Committee of the Board comprising of 4 Non-Executive Directors out of which two are Independent Directors. The composition of the Committee is as follows:

- Mr. M. A. Sundaram - Independent, Non-Executive - Chairman
- Mr. R. V. N. P. R. Sardessai# - Independent, Non-Executive - Member
- Mr. P. N. Kapadia\* – Non Executive Director
- Mr. Robert Scannell - Non-Executive – Member

\* Ceased to be a member w.e.f. December 12, 2014

# Ceased to be a member w.e.f. December 18, 2014

However, due to the resignation of Mr. Premal Kapadia on 12.12.2014 and the sudden demise of the Independent Director, Mr. Ramesh V. N. P. R. Sardessai on 18.12.2014, the Board has

reconstituted the Committee and has appointed another Independent Director, Mrs. Sarita D'Souza as the member of the Nomination and Remuneration Committee in its meeting held on February 19, 2015.

In accordance with the provisions of the amended Clause 49 of the Listing Agreement and Section 178(1) of the Companies Act, 2013, the Board has renamed the erstwhile Remuneration Committee as the Nomination and Remuneration Committee w.e.f. 12.05.2014.

The Committee met twice during the year on 22.08.2014 and 31.10.2014.

Mr. M. A. Sundaram and Mr. R. V. N. P. R. Sardessai attended all the meetings held during the year whereas Mr. P. N. Kapadia and Mr. Robert Scannell were granted leave of absence from attending the same.

Further, based on the requirements of the Companies Act, 2013 and the current applicable Clause 49 of the Listing Agreement, the terms of reference of the Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Evaluate the performance of every Director

In accordance with the provisions of the amended Clause 49 of the Listing Agreement, the Committee has framed a Remuneration Policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees of the Company. The detailed policy is provided below for the reference of the shareholders of the Company.

#### **Remuneration Policy**

The remuneration of the Directors, Key Managerial Personnel and the Senior Management of the Company is reviewed and recommended by the Nomination and Remuneration Committee ('Committee') based on criterias such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities handled, performance track record etc. and in accordance with the provisions of the Articles of Association of the Company, the provisions of the Companies Act, 2013 and the rules made thereunder and is decided by the Board of Directors. Also, the remuneration / compensation /



commission etc. payable to the Managing Director/ Manager/Whole-time Director of the Company shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Managing Director/ Manager/Whole-time Director. Increments will be effective from 1st January every year.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### **Remuneration to Managing Director / Manager / Whole-time Director**

##### **1. Fixed Pay**

The Managing Director/Manager/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, performance related incentives etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

##### **2. Minimum Pay**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Manager/Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government

##### **3. Provisions for excess remuneration**

If any Managing Director/Manager/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

The shareholders may by a special resolution grant authority to the Board of Directors of the Company (including any Committee or Committees reconstituted by the Board for this purpose) to fix increased remuneration to the Managing Director/Manager/Whole-time Director of the Company subject to the overall limits as prescribed in the provisions of Section 197, 198, Schedule V and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force).

##### **4. Stock Options of the Company**

The Managing Director/Manager/Whole-time Director may be entitled to participate in any stock option scheme operated by the Company or Group Company. However as on 31<sup>st</sup> December 2014 the Company does not have any Employee Stock Option Scheme.

#### **Remuneration to the Non-Executive/Independent Director**

##### **1. Sitting fees**

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Currently the sitting fees to be paid to the Non- Executive / Independent Director for attending Board/ Committee meetings is Rs. 5000/- per meeting. The Remuneration Committee may recommend to the Board at any time an increase in the sitting fees to be paid to the Non- Executive / Independent Directors and it shall be the power of the Board to approve such increase subject to the compliance of the provisions of the Companies Act, 2013 and rules made thereunder or any other applicable laws.

##### **2. Reimbursement of expenses**

In addition to the sitting fees, the Company may pay or reimburse such fair and reasonable expenditure, as may have been incurred by the Non-Executive / Independent Director while performing their role as a Non-Executive/ Independent Director of the Company in conjunction with the Company rules and policies. This could include reimbursement of expenditure incurred for attending Board/Committee Meetings, Annual General Meeting, Extra-Ordinary General Meetings, induction and training (organized by the Company for Directors) and other incidental expenses incurred in the performance of their role and duties.



**3. Stock Options of the Company**

An Independent Director shall not be entitled to participate in any stock option scheme operated by the Company or Group Company. However, as on 31<sup>st</sup> December 2014 the Company does not have any Employee Stock Option Scheme.

**Remuneration to the KMP/Senior Management**

The remuneration of KMPs/Senior Management Personnel largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Committee while deciding the remuneration package shall take into consideration the current employment scenario, the industry benchmark and ensure that the pay structures are appropriately aligned with the remuneration levels prevalent in the industry from time to time.

The annual variable pay of KMPs/Senior Management Personnel is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year. They will also be entitled to customary non-monetary benefits such as company car, company health care, telephone etc. or any other benefits decided by the Committee and Board in accordance with the Company policy.

**4. Stakeholders' Relationship Committee**

The Board had constituted a Shareholders' Grievance Committee comprising of the following Directors:

1. Mr. M. A. Sundaram – Independent Non-Executive - Chairman
2. Mr. R. V. N. P. R. Sardesai - Independent Non-Executive - Member
3. Mr. Vinay Chopra – Executive - Member

In accordance with the provisions of the amended Clause 49 of the Listing Agreement, the Board has renamed the erstwhile Shareholders' Grievance Committee as the Stakeholder's Relationship Committee w.e.f. 12.05.2014.

Due to the sudden demise of one Independent Director, Mr. Ramesh V. N. P. R. Sardesai on 18.12.2014, the Board has reconstituted the Committee and has appointed another Independent Director, Mrs. Sarita D'Souza as the member of the Stakeholder's Relationship Committee in its meeting held on February 19, 2015.

The terms of reference of the Committee were also amended pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The revised terms of reference includes enquiring into and redressal of complaints of shareholders and investors and to resolve the grievance of security holders of the Company.

The Committee monitors the redressal of grievance pertaining to:

- ❖ Transfer of Shares
- ❖ Dividends
- ❖ Dematerialisation of shares
- ❖ Replacement of lost/stolen/mutilated share certificates
- ❖ Other related issues

The Committee met once during the year on 12-02-2014 which was attended by all the members of the Committee. There is a separate Share Transfer Committee for approval and registration of transfers and/ or transmissions of equity shares of the Company and to do all other acts and deeds as may be necessary or incidental thereto.

The Board has designated Ms. Jyoti Bandothkar – Company Secretary as the Compliance Officer. As per the guidelines of Securities & Exchange Board of India (SEBI) and in compliance with Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated exclusively for the purpose of registering complaints by investors: [secretarial@denora.com](mailto:secretarial@denora.com)

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31st December, 2014 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Dividend warrants	4
Non-receipt of Share Certificate(s)	Nil
Others/Miscellaneous	5
Total	9

All the requests, queries and complaints received during the financial year ended 31st December, 2014, were duly addressed by the Company/Registrar & Transfer Agent, Sharepro Services (India) Private Limited, appropriately and no queries are pending for resolution on that date.

During the year 31 requests for 1327 equity shares were received for share transfers and 21 requests for 7120 equity shares for dematerialization were received. The number of pending share transfers and requests for dematerialization as on 31.12.2014 were NIL.



**5. Corporate Social Responsibility Committee**

The Corporate Social Responsibility (CSR) Committee was constituted on 29.07.2014 at the Board level comprising of the following members:

- a. Mr. M. A. Sundaram - Chairman
- b. Mr. Robert Scannell

c. Mr. Vinay Chopra

The terms of reference of the Committee are in line with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

**6. General Body Meetings**

Location and time where the last three Annual General Meetings were held:

Year	Location	Date	Time	No. of Special Resolution	Special Resolutions
2011	Registered office	28.06.2012	11.00 am	Nil	Nil
2012	Registered office	08.05.2013	11.00 am	1	Appointment of the Manager, Mr. Vinay Chopra
2013	Registered office	14.05.2014	11.00 am	1	Appointment of Dr. Robert Scannell as a Director

**Extra Ordinary General Meeting**

During the year the Company held an Extra-Ordinary General Meeting (EOGM) on 29th September 2014. A special resolution authorizing the Board of Directors of the Company to fix increased remuneration to the Manager and the Executive Director of the Company, subject to the limits contained in the provisions of Sections 197, 198, Schedule V to the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and relevant rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force) was passed with the requisite majority. An E-voting facility was also made available to the members for the EOGM in accordance with the provisions of the amended Clause 49 of the Listing Agreement.

No Special Resolution was put through postal ballot during the last year.

No Special Resolution on matters requiring postal ballot are placed for Shareholders approval at the forthcoming Annual General Meeting.

**7. Subsidiary Companies**

The Company does not have any subsidiary company.

**8. Disclosures**

**Related Party Transactions:**

The Company has formulated a policy on Related Party Transactions which has been displayed on the Company's website, a weblink of which is provided below in compliance of the provisions of the amended Clause 49 of the Listing Agreement

[http://www.denoraindia.com/Downloads/en-US/RPT\\_Policy\\_DNIL.pdf](http://www.denoraindia.com/Downloads/en-US/RPT_Policy_DNIL.pdf)

All the related party transactions of the Company entered during the Financial Year 2014 were prior approved by the Audit Committee by granting an omnibus approval for the Related Party Transactions proposed to be entered into by the Company.

There were no materially significant related party transactions i.e. transactions material in nature, with its promoters, the Directors or the Management or

their relatives etc. having potential conflict with the interests of the Company. The details of general related party transactions which are in the normal course of business of the Company and on arm's length basis are given in the Notes to Accounts. The details of all transactions with related parties are placed before the Audit Committee and at the Board Meeting on a quarterly basis.

**Disclosure of Accounting Treatment:**

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

**Disclosures on Risk Management:**

The Company has laid down Risk Management framework defining risk profiles involving strategic, technological, operational, financial, organizational, legal, natural and regulatory risks and the procedures to inform Board members about the risk assessment and minimization procedures. A Risk Management Committee consisting of Manager and senior executives of the Company has been setup to periodically review these procedures to ensure that executive management controls risk through means of a properly defined framework. The Board periodically reviews the risk assessment and minimization procedures.

**Proceeds from the public issues, rights issues, preferential issues etc.:**

The Company did not raise any money through any issue during the year 2014.

**No penalty or strictures:**

The Company has complied with all rules and regulations prescribed by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets. No penalties or strictures have been imposed on the Company during the last three years.

**Management Discussion and Analysis Report**

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on



various matters specified under the amended Clause 49 (VIII) (D) (erstwhile Clause 49(IV) (F)) of the Listing Agreement.

#### 9. Means of Communication

All material information about the Company is promptly sent through facsimile/e-mail to the National Stock Exchange where the Company's shares are listed. Quarterly, Half-Yearly, Annual Financial Results are sent to the exchange for the information of the stakeholders and are normally published in Business Standard and Lokmat. The financial results are also displayed on the Company's website [www.denoraindia.com](http://www.denoraindia.com) and on the official website of NSE ([www.nseindia.com](http://www.nseindia.com)).

The Annual Report, Quarterly Results, Shareholding Pattern, Intimation of Board Meetings and other required details of the Company are also posted through NSE Electronic Application Processing Systems (NEAPS) portal to view information filed by listed companies.

The Ministry of Corporate Affairs ('MCA') has launched "Green Initiative in Corporate Governance" allowing paperless communication to shareholders. Consequently, companies can send Annual Report and other communication electronically. Accordingly, your Company sends Annual Reports and other communication by e-mail to those shareholders who have registered their e-mail ID for this purpose and hard copies in other cases. **Your Company urges you to support the Green Initiative by registering / updating your email addresses with the Depository Participants (electronic holdings) or the Registrar and Transfer Agents (physical holdings) for receiving soft copies of various communications including the Annual Reports.**

#### 10. General Shareholder Information

Annual General Meeting

- Date and time Monday, June 29, 2015 at 11:00 a.m.
- Venue Regd. Office – Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim - 403115, Goa.

**Financial Calendar (tentative)** 1<sup>st</sup> January, 2015 - 31<sup>st</sup> March, 2016\*

- Results for quarter ending Mid May, 2015  
March 31, 2015
- Results for quarter ending Mid August, 2015  
June 30, 2015
- Results for quarter ending Mid November, 2015  
September 30, 2015
- Results for quarter ending Mid February, 2016  
December 31, 2015
- Results for quarter ending Mid May, 2016  
March 31, 2016

Or

Audited Annual Results End May, 2016  
for year ending March 31,  
2016

*\*The Board of Directors have resolved in the Board Meeting dated 19.02.2015 to change the Financial Year of the Company from 1st January – 31st December to 1st April – 31st March in compliance with the provisions of the new Companies Act, 2013.*

**Date of Book Closure** 22.06.2015 – 29.06.2015  
(both days inclusive)

**Dividend Payment Date** On or after the AGM on  
June 29, 2015.

#### Listing on Stock Exchanges

The National Stock Exchange of India Limited,  
Mumbai

**Stock Code** NSE Code DENORA EQ

#### Stock Market Data & Share Price performance in comparison with NSE Index

The reported high and low prices of the Company's scrip on the NSE as well as its performance as compared to NSE Index is as under:

Month	De Nora India Limited			NSE (S&P CNX Nifty)		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High	Low	Close
Jan-14	150.00	120.00	123.70	6358.30	6027.25	6089.50
Feb-14	133.90	95.20	101.70	6282.70	5933.30	6276.95
Mar-14	129.65	103.50	114.70	6730.05	6212.25	6704.20
Apr-14	144.70	110.45	127.65	6869.85	6650.40	6696.40
May-14	144.60	112.00	132.50	7563.50	6638.55	7229.95
Jun-14	171.90	128.55	148.25	7700.05	7239.50	7611.35
Jul-14	169.90	131.40	141.75	7840.95	7422.15	7721.30
Aug-14	160.00	130.65	156.50	7968.25	7540.10	7954.35
Sept-14	192.00	146.85	167.70	8180.20	7841.80	7964.80
Oct-14	187.80	158.00	166.35	8330.75	7723.85	8322.20
Nov-14	177.00	148.05	151.20	8617.00	8290.25	8588.25
Dec-14	167.75	132.05	144.55	8626.95	7961.35	8282.70

#### Registrar and Transfer Agent:

Sharepro Services (India) Private Limited  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange,  
Andheri - Kurla Road, Sakinaka, Andheri (East),  
Mumbai – 400 072

#### Share Transfer System

Shares lodged for transfer at the Registrar's address are normally processed and approved by the Share Transfer Committee on a fortnight basis if the documents are clear in all respects. Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar within 7 days.





**Distribution of Shareholding as on December 31, 2014**

Category (No. of Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
Less than 500	5108	88.37	671728	12.65
501-1000	340	5.88	274354	5.17
1001-2000	182	3.15	282376	5.31
2001-3000	52	0.90	131249	2.47
3001-4000	25	0.43	87985	1.66
4001-5000	18	0.31	82366	1.55
5001-10000	32	0.55	225872	4.25
10001 and above	23	0.40	3552704	66.92
<b>TOTAL</b>	<b>5780</b>	<b>100.00</b>	<b>5308634</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON DECEMBER 31, 2014**

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHARE HOLDING
<b>A. Shareholding of Promoter and Promoter Group</b>		
1. Indian – Individuals	180732	3.40
2. Foreign – Institutions	2849500	53.68
<b>B. Public shareholding</b>		
<b>1. Institutions</b>		
a. Financial Institutions/ Banks	100	0.00
b. Foreign Institutional Investors	7,460	0.14
<b>2. Non-Institutions</b>		
a. Bodies Corporate	200958	3.79
b. Non-Resident Individuals/Foreign Individuals	67375	1.27
c. Individual shareholders/ Others	2002509	37.72
<b>TOTAL</b>	<b>5308634</b>	<b>100.00</b>

**Dematerialisation of Shares & Liquidity**

97.37% of the total equity share capital has been dematerialized upto December 31, 2014. The Company's Equity Shares are actively traded on NSE & BSE

**Outstanding GDRs/ADRs/Warrants and Convertible Instruments, Conversion Nil date and likely impact on equity**

**Plant Locations** Plot Nos.184, 185 & 189, Kundaim Industrial Estate, Kundaim, Goa – 403 115

**Address for Correspondence**

**The Company Secretary**

De Nora India Limited  
Plot Nos.184, 185 & 189, Kundaim Industrial Estate  
Kundaim, Goa – 403 115  
Tel.: 91-832-3981151  
Fax: 91-832-3981101  
Email.: jyoti.bandodkar@denora.com  
Website: [www.denoraindia.com](http://www.denoraindia.com)

**Compliance with Non-mandatory requirements**

**1. The Board**

The Company has not provided any office to the Non-Executive Chairman or allowed any re-imbursalment of expenses incurred in performance of his duties, apart from the payment of sitting fees for attending Board and Committee Meetings.

**2. Shareholder Rights**

The half-yearly financial results including summary of significant events of relevant period of six months are not sent to each household of shareholders. However, these results are displayed on the Company's website [www.denoraindia.com](http://www.denoraindia.com) and on the official website of NSE ([www.nseindia.com](http://www.nseindia.com)).

**3. Audit Qualifications**

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

**3. Separate posts of Chairman and CEO**

The Company has always endeavored to appoint separate persons to the post of the Chairman and Managing Director/CEO of the Company.

**4. Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.



## **TO THE MEMBERS OF DE NORA INDIA LIMITED**

I have examined the compliance of conditions of corporate governance by De Nora India Limited (the Company), for the year ended on 31<sup>st</sup> December, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of 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 my opinion and to the best of my information and according to the explanations given to me:

- I) I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement;
- II) I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

I 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.

**Sadashiv V. Shet**  
PRACTISING COMPANY SECRETARY  
CP No: 2540

Place: Panjim, Goa  
Date: February 19, 2015

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## **DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

The Board has formulated a code of conduct for the Board members and Senior Management of the Company, which has been posted on the website of the Company. It suitably incorporates the duties of the Independent Directors as laid down in the Companies Act, 2013.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the code of conduct framed by the Company and a confirmation to that effect has been obtained from all the Directors and Senior Management.

For **De Nora India Limited**

**Vinay Chopra**  
MANAGER/DIRECTOR



## INDEPENDENT AUDITORS' REPORT

To the Members of  
De Nora India Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of De Nora India Limited ('the Company'), which comprise the balance sheet as at 31 December 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

### Opinion

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

- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2014;
- ii. in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Companies Act, 1956, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- (e) on the basis of written representations received from the directors of the Company as at 31 December 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **B S R & Co. LLP**  
Chartered Accountants

Firm's Registration No.: 101248W/W-10022

**Vijay Mathur**  
Partner

Mumbai  
19 February, 2015

Membership No.: 046476



**Annexure to the Independent Auditors' Report – 31 December 2014**

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Physical verification of fixed assets was not carried out during the current year.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 / section 189 of the Companies Act, 2013 (as applicable). Accordingly, paragraph 4(iii) (b), (c), (d), (e), (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and similarly certain items of inventories sold and services rendered are for the specialized requirements of the buyers for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.

- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 / section 189 of the Companies Act, 2013 (as applicable) have been entered in the register required to be maintained under relevant section.
- (b) In our opinion and according to the information and explanations given to us, the transactions for purchase and sale of certain items of inventories and sale of services which are made in pursuance of such contracts and arrangements referred to in (a) above and exceeding the value of INR 5 lakhs with any party during the year are of a specialized nature for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956/ Section 128 (1) read with Section 148 (1) of the Companies Act, 2013 (as applicable) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs Duty, Excise duty and other material statutory dues with the appropriate authorities *except for the dues in respect of R&D cess where there have been delays as mentioned below*. As explained to us, the Company did not have any dues on account of Wealth Tax.

*According to the information and explanations given to us, arrears of undisputed statutory dues payable on account of R&D cess outstanding as at 31 December 2014 for more than six months from the date they become payable are as follow:*



Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Payment Date
The R&D Cess Act 1986	R&D Cess on Royalty	1,965,371	2010 - 2013	11 <sup>th</sup> February 2015

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax and Customs duty which have not been deposited with the appropriate authorities on account of any disputes.

According to the information and explanations given to us, the following dues of Excise duty have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty on assessable value consequent to the benefit availed under the Goa Value Added Tax Deferment-cum-net present value compulsory payment scheme, 2005	1,467,590	2003-2007	Additional Commissioner of Central Excise, Goa

(xi) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.

- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we are of opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W/W-100022

Mumbai  
19 February 2015

**Vijay Mathur**  
*Partner*  
Membership No: 046476



## BALANCE SHEET

as at 31 December, 2014  
(Currency: Indian Rupee)

	Notes	31 December, 2014	31 December, 2013
<b>EQUITY and LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	53,086,340	53,086,340
Reserves and surplus	4	339,555,826	306,346,627
		<b>392,642,166</b>	<b>359,432,967</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	10,059,461	7,674,841
		<b>10,059,461</b>	<b>7,674,841</b>
<b>Current liabilities</b>			
Trade payables	6	19,733,988	26,488,302
Other current liabilities	7	36,159,235	37,691,062
Short-term provisions	8	26,747,392	52,939,930
		<b>82,640,615</b>	<b>117,119,294</b>
<b>TOTAL</b>		<b>485,342,242</b>	<b>484,227,102</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9A	67,934,530	71,639,530
Intangible assets	9B	524,207	669,561
Intangible fixed assets under development		12,490,701	8,795,474
		<b>80,949,438</b>	<b>81,104,565</b>
Non-current investments	10	170,000	170,000
Deferred tax assets (net)	11	15,864,917	16,952,538
Long-term loans and advances	12	7,911,027	22,965,248
Other non-current assets	13	23,895,242	20,157,000
		<b>47,841,186</b>	<b>60,244,786</b>
<b>Current assets</b>			
Current investments	14	142,917,899	76,433,982
Inventories	15	66,975,915	113,858,414
Trade receivables	16	116,273,811	128,860,463
Cash and bank balances	17	10,409,165	11,484,769
Short-term loans and advances	18	6,681,502	11,291,798
Other current assets	19	13,293,326	948,325
		<b>356,551,618</b>	<b>342,877,751</b>
<b>TOTAL</b>		<b>485,342,242</b>	<b>484,227,102</b>
<b>Significant accounting policies</b>	2		
The notes referred to above form an integral part of the financial statements	3-39		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W-100022

For and on behalf of the Board of Directors

De Nora India Limited

**Vijay Mathur**

Partner

Membership No : 046476

**M. A. Sundaram**

Chairman

**Vinay Chopra**

Director

**Jyoti Bandodkar**

Company Secretary

Place: Mumbai

Date: 19 February, 2015

Place: Goa

Date: 19 February, 2015



## STATEMENT OF PROFIT AND LOSS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	Notes	31 December, 2014	31 December, 2013
Revenue from operations (gross)	20	313,013,706	369,689,594
Less: Excise duty		(7,807,481)	(11,606,485)
Revenue from operations (net)		305,206,225	358,083,109
Other income	21	22,458,478	11,100,261
<b>Total revenue</b>		<b>327,664,703</b>	<b>369,183,370</b>
<b>Expenses</b>			
Cost of materials consumed	22	81,927,336	129,403,766
Purchase of traded goods	22	13,703,705	2,563,975
Changes in inventories of finished goods, work-in-progress and stock-in- trade	23	11,041,268	7,109,464
Employee benefits expense	24	46,390,020	43,939,626
Finance costs	25	33,434	79,478
Depreciation and amortisation	26	12,008,509	7,144,065
Other expenses	27	102,324,937	109,768,357
<b>Total expenses</b>		<b>267,429,209</b>	<b>300,008,731</b>
<b>Profit before tax for the year</b>		<b>60,235,494</b>	<b>69,174,639</b>
<b>Tax expense:</b>			
Current tax		14,540,371	30,633,452
Current tax relating to prior year		2,082,048	-
Deferred tax charge / (credit)		1,087,621	(9,215,986)
<b>Total tax expense</b>		<b>17,710,040</b>	<b>21,417,466</b>
<b>Profit after tax for the year</b>		<b>42,525,454</b>	<b>47,757,173</b>
<b>Earnings per equity share [Nominal value of share Rs 10 (previous year: Rs 10)]</b>			
Basic and diluted	31	8.01	9.00
<b>Significant accounting policies</b>			
The notes referred to above form an integral part of the financial statements	3-39		

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No : 101248W/W-100022

For and on behalf of the Board of Directors

**De Nora India Limited**

**Vijay Mathur**

*Partner*

Membership No : 046476

**M. A. Sundaram**

*Chairman*

**Vinay Chopra**

*Director*

**Jyoti Bandodkar**

*Company Secretary*

Place: Mumbai

Date: 19 February, 2015

Place: Goa

Date: 19 February, 2015



## CASH FLOW STATEMENT

for the year ended 31 December, 2014  
(Currency : Indian Rupees)

	31 December, 2014	31 December, 2013
<b>(A) Cash flows from operating activities:</b>		
Profit before tax	60,235,494	69,174,639
<b>Adjustments:</b>		
Depreciation and amortisation	12,008,509	7,144,065
Interest income	(4,421,574)	(2,944,494)
Finance cost	33,434	79,478
(Profit) on sale of tangible assets	105,177	(13,492)
Unrealised foreign exchange differences	(3,767)	(47,498)
Bad debts write-off	784,641	8,902
Provision for doubtful debts	7,754,248	1,743,523
Dividend income	(6,207,848)	(6,065,100)
Loss on sale of investments	-	345,884
Increase in provisions for warranty (net)	(7,833,833)	789,376
	<b>2,218,987</b>	<b>1,040,644</b>
<b>Operating cash flow before working capital changes</b>	<b>62,454,481</b>	<b>70,215,283</b>
Decrease / (increase) in trade receivables	5,617,046	(38,340,849)
Decrease / (increase) in inventories	46,882,499	(11,811,737)
(Increase) / decrease in long term loans and advances	(324,636)	513,100
Decrease / (increase) in short term loans and advances	8,119,405	(2,022,803)
Decrease in trade payables	(6,754,314)	(7,884,630)
Increase in long term provisions	2,384,620	4,134,694
(Decrease) / increase in short term provisions	(10,664,386)	392,769
Decrease in other current liabilities	1,597,018	(9,710,447)
	<b>46,857,253</b>	<b>(64,729,903)</b>
Cash generated from operations	<b>109,311,734</b>	<b>5,485,380</b>
Income taxes (paid)	<b>(12,170,341)</b>	<b>(50,152,363)</b>
<b>(B) Net cash (used) / provided by operating activities ( A )</b>	<b>97,141,393</b>	<b>(44,666,983)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets and change in capital work in progress	(12,240,671)	(14,911,367)
Proceeds from sale of fixed assets	282,112	69,575
Interest received	5,674,050	2,804,348
Dividend received	6,207,848	6,065,100
Purchase of investments	(82,346,960)	(65,244,820)
Proceeds from sale/redemption of investments	15,863,042	140,763,495
Bank deposits (having maturity of more than 3 months)	(7,500,000)	4,336,184
Term deposits with a maturity of over 12 months (net movements)	(3,738,242)	-
<b>Net cash (used) / provided by investing activities ( B )</b>	<b>(77,798,821)</b>	<b>73,882,515</b>





## CASH FLOW STATEMENT

for the year ended 31 December, 2014

(Currency : Indian Rupees)

	31 December, 2014	31 December, 2013
<b>(C) Cash flow from Financing activities:</b>		
Interest paid	(33,434)	(79,478)
Dividend and distribution tax paid	(24,755,897)	(43,475,857)
Decrease in Book Overdraft	(3,128,845)	-
<b>Net cash (used) by financing activities ( C )</b>	<b>(27,918,176)</b>	<b>(43,555,335)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(8,575,604)</b>	<b>(14,339,803)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>11,484,769</b>	<b>25,824,572</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>2,909,165</b>	<b>11,484,769</b>
<b>Notes to cash flow statement</b>		
1 Components of cash and cash equivalents		
- Cash on hand	17,152	48,862
- Cheques on hand	-	110,356
- Balances with banks		
- in current accounts	1,300,193	4,966,997
- in EEFC account	99,585	537,809
- Unpaid dividend accounts	1,492,235	1,580,745
- in deposit accounts (with original maturity of 3 months or less)	-	4,240,000
	<b>2,909,165</b>	<b>11,484,769</b>
2 The above includes an amount of Rs. 1,492,235 (previous year Rs. 1,510,378) restricted in use on account of unpaid dividend		

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No : 101248W/W-100022

**Vijay Mathur**

*Partner*

Membership No : 046476

**M. A. Sundaram**

*Chairman*

**Vinay Chopra**

*Director*

**Jyoti Bandodkar**

*Company Secretary*

Place: Mumbai

Date: 19 February, 2015

Place: Goa

Date: 19 February, 2015



## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### **1 Background**

De Nora India Limited ('the Company' or 'De Nora') was incorporated in June 1989 as Titanor Components Limited ('Titanor') and commenced business in November 1989. The Company's name was changed from Titanor to De Nora on 27 June 2007. The Company has its manufacturing facilities at Kundaim, Goa and is involved in the business of manufacturing and servicing of Electrolytic products.

### **2 Significant accounting policies**

#### **2.1 Basis of preparation of financial statements**

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 1956 ('the Act') and other accounting principles generally accepted in India, to the extent applicable.

Under section 211 (3C) of the Companies Act, 1956, which as per clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211 (3C) of the Companies Act, 1956 with effect from 12 September 2013.

#### **2.2 Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### **2.3 Current and Non-current classification**

All assets and liabilities are classified into current and non-current.

##### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

All other assets are classified as non-current

##### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the balance sheet date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All other liabilities are classified as non-current.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

### **2.4 Tangible assets and depreciation**

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment loss, if any. The acquisition cost of fixed assets includes taxes, duties, freight and other incidental expenses related to bringing the asset to its working condition for its intended use.

The Company depreciates its fixed assets on straight line method (SLM) at the rates prescribed in Schedule II to the Companies Act 2013. Fixed assets individually costing up to Rs 5,000 are depreciated fully in the year of purchase.

Premium on leasehold land is amortised over the unexpired period of the lease.

### **2.5 Intangible assets and amortisation**

Intangible assets includes system and application software. These intangible assets are recognised only where future economic benefits attributable to such assets are expected to flow to the Company and the cost of such assets can be reasonably measured. Software is initially recognised at cost and carried to subsequent years at cost less accumulated amortisation and accumulated impairment losses, if any.

The computer software is amortised over an expected benefit period of 3 years on a straight line method (SLM) at the rates prescribed in Schedule II to the Companies Act 2013.

Intangible assets are derecognised when no future economic benefits are expected from their use and subsequent disposal.

### **2.6 Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

### **2.7 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### **2.8 Leases**

Lease payments under operating lease are recognised as an expense in the Statement of profit and loss on a straight line basis over the lease term.

### **2.9 Investments**

Long term investments are stated at cost, less any other than temporary diminution in value.

Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.



## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### **2.10 Inventories**

Inventories include raw materials and consumable stores and spares, work in progress, manufactured and traded finished goods inventory. Inventory is valued at the lower of cost and net realisable value.

Cost comprises the purchase price, costs of conversion and other related costs incurred in bringing the inventories to their present location and condition. Costs of raw materials and consumable stores and spares are determined on the basis of the weighted average method. Cost of finished goods and work in progress include appropriate proportion of costs of conversion which include variable and fixed overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty on unsold manufactured goods is included in the value of the finished goods inventory.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item to item basis.

### **2.11 Revenue recognition**

Revenue from sale of products is recognised on transfer of all significant risks and rewards of ownership of the products on to the customers, which is generally on dispatch of goods.

Service income comprising mainly recoating/ repair of electrolytic products is recognised as per the terms of the contract with the customer when the related services are performed and the products are dispatched to the customer. Income from annual maintenance service contracts is recognised pro-rata over the period of the contract. Commission income is recognised when proof of shipment is received from the supplier.

Revenue from fixed price construction contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Percentage of completion method is determined as a proportion of the costs incurred to date to the total estimated costs. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue. Revenue recognised in excess of billings is recorded as unbilled revenue.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on the time proportion basis.

### **2.12 Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the Statement of profit and loss of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Statement of profit and loss.

### **2.13 Employee benefits**

#### *(a) Short term employee benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

#### *(b) Post-employment benefits*

The Company's approved superannuation scheme is a defined contribution plan. The Company also makes specified monthly contributions towards employee provident fund which is also a defined contribution plan. The Company's contribution paid/ payable under these schemes is recognised as an expense in the Statement of profit and loss during the year in which the employee renders the related service.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at the balance sheet date by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Statement of profit and loss.

(c) *Other Long-term employment benefits*

Compensated absences which are expected to occur beyond twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation which is determined at each balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

### 2.14 Taxation

Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

### 2.15 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

		31 December, 2014	31 December, 2013
<b>3</b>	<b>Share capital</b>		
	<b>Authorised shares:</b>		
	10,000,000 (previous year : 10,000,000) equity shares of Rs.10/- each	<b>100,000,000</b>	100,000,000
	<b>Issued, subscribed and paid-up:</b>		
	5,308,634 (previous year : 5,308,634) equity shares of Rs.10/- each, fully paid-up	<b>53,086,340</b>	53,086,340
		<b>53,086,340</b>	53,086,340

### a. Equity shares held by Ultimate Holding Company/ Holding Company and /or their associates or subsidiaries

Name of Shareholder	Relationship	31 December, 2014		31 December, 2013	
		Number	Amount	Number	Amount
Oronzio De Nora International B. V.	Holding Company	2,849,500	28,495,000	2,849,500	28,495,000

### b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 December 2014, the amount of per share dividend recognized as distribution to equity shareholders was Rs 1.5 per share (previous year: Rs 4 per share). The dividend appropriation for the year ended December 2014 amounted to Rs 7,962,951 (previous year: Rs 21,234,536) plus corporate dividend tax of Rs 1,353,304 (previous year: Rs 3,609,871)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	Relationship	31 December, 2014		31 December, 2013	
		Number	Percentage	Number	Percentage
Oronzio De Nora International B. V.	Holding Company	2,849,500	53.68%	2,849,500	53.68%

### d. Reconciliation of equity shares outstanding as at the beginning and at the end of reporting period

Particulars	31 December, 2014		31 December, 2013	
	Number	Rs	Number	Rs
Equity shares outstanding at the commencement of the period	5,308,634	53,086,340	5,308,634	53,086,340
Add: equity shares Issued during the year	-	-	-	-
Less: equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the period	5,308,634	53,086,340	5,308,634	53,086,340



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

**e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date**

Pursuant to the Shareholders' approval for buyback of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 135,451 during the year ended 31 December 2012, through open market transactions for an aggregate amount of Rs 13,432,195. The said shares have been subsequently extinguished. Capital redemption reserve has been created by transfer of Rs 1,354,510 during the year ended 31 December 2012. from General Reserve being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

	31 December, 2014	31 December, 2013
<b>4 Reserves and surplus</b>		
<b>Securities premium reserve</b>		
Balance at commencement of the year	73,607,945	73,607,945
Balance at end of the year	73,607,945	73,607,945
<b>General reserve</b>		
Balance at commencement of the year	54,447,752	49,672,035
Add: Transfer from Surplus in Statement of profit and loss	4,252,545	4,775,717
Balance at end of the year	58,700,297	54,447,752
<b>Capital redemption reserve</b>		
Balance at commencement of the year	2,465,000	2,465,000
Balance at end of the year	2,465,000	2,465,000
<b>Surplus in statement of profit and loss</b>		
Balance at commencement of the year	175,825,930	157,975,948
Add: Profit for the year	42,525,454	47,757,173
Less: Proposed equity dividend [amount Rs 1.50 per share (previous year: Rs 4 per share)]	7,962,951	21,234,536
Less: Tax on proposed dividend	1,353,304	3,609,871
Less: Short provision of tax on final dividend of previous year	-	287,067
Less: Transfer to general reserve	4,252,545	4,775,717
	204,782,584	175,825,930
Balance at end of the year	339,555,826	306,346,627

	31 December, 2014	31 December, 2013
<b>5 Long term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for leave encashment / sick leave availment	6,976,218	4,937,516
Provision for gratuity	2,810,619	2,483,400
<b>Other provisions</b>		
Provision for warranties (refer note 33)	272,624	253,925
	10,059,461	7,674,841



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>6 Trade payables</b>		
Trade payables*	19,733,988	26,488,302
	<u>19,733,988</u>	<u>26,488,302</u>

\* There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

	31 December, 2014	31 December, 2013
<b>7 Other current liabilities</b>		
Advances received from customers	477,666	4,014,823
Book overdraft	-	3,128,845
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unpaid dividend	1,492,235	1,580,745
Other payables		
- Statutory dues	5,865,204	2,733,297
- Employee payables	4,669,975	5,164,185
- Accrual of expenses	23,654,155	21,069,167
	<u>36,159,235</u>	<u>37,691,062</u>

	31 December, 2014	31 December, 2013
<b>8 Short term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	-	468,628
Provision for leave encashment / sick leave availment	562,707	796,902
<b>Other provisions</b>		
Provision for proposed equity dividend	7,962,951	21,234,536
Provision for dividend distribution tax on proposed equity dividend	1,353,304	3,609,871
Provision for warranties (refer note 33)	16,868,430	26,829,993
	<u>26,747,392</u>	<u>52,939,930</u>





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

Description of assets	Gross block			Depreciation			Net block		
	As at 1 January, 2014	Additions	Deletions	As at 31 December, 2014	As at 1 January, 2014	Depreciation	Deductions	As at 31 December, 2014	As at 31 December, 2014
9A Tangible fixed assets									
Leasehold land	1,856,520 (1,856,520)	- (-)	- (-)	1,856,520 (1,856,520)	728,304 (708,762)	19,542 (19,542)	- (-)	747,846 (728,304)	1,108,674 (1,128,216)
Office building	2,614,836 (2,614,836)	- (-)	- (-)	2,614,836 (2,614,836)	786,277 (744,033)	43,204 (42,244)	- (-)	829,481 (786,277)	1,785,355 (1,828,559)
Factory building	48,007,711 (45,031,427)	1,158,293 (2,976,284)	- (-)	49,166,004 (48,007,711)	23,512,858 (22,009,435)	1,612,206 (1,503,423)	- (-)	25,125,064 (23,512,858)	24,040,940 (24,494,853)
Plant and machinery	99,934,637 (92,437,803)	6,152,386 (7,496,834)	2,106,284 (-)	103,980,739 (99,934,637)	66,815,394 (62,803,851)	5,269,074 (4,011,543)	1,751,357 (-)	70,333,111 (66,815,394)	33,647,628 (33,119,243)
Furniture and fixtures	7,578,905 (6,983,948)	789,556 (770,354)	- (175,397)	8,368,461 (7,578,905)	5,984,099 (6,014,380)	451,723 (134,065)	- (164,346)	6,435,822 (5,984,099)	1,932,639 (1,594,806)
Vehicles	5,051,101 (4,109,403)	- (1,782,500)	784,155 (840,802)	4,266,946 (5,051,101)	2,288,488 (2,627,022)	571,788 (457,236)	751,793 (795,770)	2,108,483 (2,288,488)	2,158,463 (2,762,613)
Office equipments	6,764,893 (6,441,205)	208,530 (339,848)	- (16,160)	6,973,423 (6,764,893)	1,256,802 (968,337)	3,157,179 (304,625)	- (16,160)	4,413,981 (1,256,802)	2,559,442 (5,508,091)
Computers	5,137,524 (4,155,835)	55,500 (981,689)	- (-)	5,193,024 (5,137,524)	3,934,375 (3,557,958)	557,260 (376,417)	- (-)	4,491,635 (3,934,375)	701,389 (1,203,149)
<b>Total</b>	<b>176,946,127</b> <b>(163,630,977)</b>	<b>8,364,265</b> <b>(14,347,509)</b>	<b>2,890,439</b> <b>(1,032,359)</b>	<b>182,419,953</b> <b>(176,946,127)</b>	<b>105,306,597</b> <b>(99,433,778)</b>	<b>11,681,976</b> <b>(6,849,095)</b>	<b>2,503,150</b> <b>(976,276)</b>	<b>114,485,423</b> <b>(105,306,597)</b>	<b>67,934,530</b> <b>(71,639,530)</b>

Description of assets	Gross block			Amortisation			Net block		
	As at 1 January, 2014	Additions	Deletions	As at 31 December, 2014	As at 1 January, 2014	Amortisation	Deductions	As at 31 December, 2014	As at 31 December, 2014
9B Intangible fixed assets									
Software	1,414,146 (850,288)	181,179 (563,858)	- (-)	1,595,325 (1,414,146)	744,585 (449,615)	326,533 (294,970)	- (-)	1,071,118 (744,585)	524,207 (669,561)
<b>Total</b>	<b>1,414,146</b> <b>(850,288)</b>	<b>181,179</b> <b>(563,858)</b>	<b>-</b> <b>(-)</b>	<b>1,595,325</b> <b>(1,414,146)</b>	<b>744,585</b> <b>(449,615)</b>	<b>326,533</b> <b>(294,970)</b>	<b>-</b> <b>(-)</b>	<b>1,071,118</b> <b>(744,585)</b>	<b>524,207</b> <b>(669,561)</b>

Note : Figures in brackets and italics pertains to previous year.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>10 Non-current investments</b> <i>(Valued at cost unless stated otherwise)</i>		
<b>Non trade investments: quoted</b>		
<b>Investments in equity instruments</b>		
2,000 (previous year: 2,000) equity shares of Bank of Baroda of Rs 10 each, fully paid-up	170,000	170,000
	<u>170,000</u>	<u>170,000</u>
The aggregate book value and market value of quoted non-current investments is as follows:		
Quoted non-current investments		
Aggregate book value	170,000	170,000
Aggregate market value	2,167,800	1,291,100

	31 December, 2014	31 December, 2013
<b>11 Deferred tax assets (net)</b>		
<i>Deferred tax assets</i>		
- in respect of provision for warranty	9,225,244	12,604,824
- in respect of provision for doubtful debts and advances	4,201,370	1,987,346
- in respect of provision for inventory obsolescence	5,784,833	6,958,086
- in respect of gratuity provision	955,330	1,003,394
- in respect of technical know how amortisation	7,547	10,837
- in respect of provision for leave encashment / availment	2,562,481	1,953,796
<b>Total Deferred tax assets</b>	<u>22,736,805</u>	<u>24,518,283</u>
<i>Deferred tax liabilities</i>		
Timing differences on account of:		
- Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	6,871,888	7,565,745
	<u>6,871,888</u>	<u>7,565,745</u>
	<u>15,864,917</u>	<u>16,952,538</u>

	31 December, 2014	31 December, 2013
<b>12 Long-term loans and advances</b>		
Advances for supply of goods and services	-	1,351,790
Less: Provision for doubtful advances	-	1,351,790
	-	-
<b>Unsecured, considered good</b>		
Loans to staff	324,636	-
Advance income tax (net of provision for tax)	7,586,391	22,965,248
	<u>7,911,027</u>	<u>22,965,248</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>13 Other non-current assets</b>		
Bank deposits (due to mature after 12 months from the reporting date)	23,895,242	20,157,000
	<u>23,895,242</u>	<u>20,157,000</u>

	31 December, 2014	31 December, 2013
<b>14 Current investments</b> <i>(valued at lower of cost and fair value)</i>		
Investments in mutual funds - unquoted		
8,323,141.328 (previous year 5,254,719.899) units of HDFC Cash Management Fund - Savings Plan - daily dividend reinvestment	40,028,245	55,891,288
952,349.567 (previous year 952,349.567) unit of HDFC Short Term Opportunities Fund dividend payout.	9,618,921	9,618,921
4,881,879.726 (previous year NIL) units of HDFC Cash Management Fund Savings Plan	48,500,000	-
44,376.015 (previous year 10,827.814) units in Tata Floater Fund Plan A - weekly dividend payout	44,770,733	10,923,773
	<u>142,917,899</u>	<u>76,433,982</u>
Aggregate amount of unquoted investment	142,917,899	76,433,982
Aggregate write-down due to valuation of current investment at fair value	-	346,052

	31 December, 2014	31 December, 2013
<b>15 Inventories</b> <i>(valued at lower of cost and net realisable value)</i>		
Raw materials	55,055,310	88,957,738
[including goods-in-transit Rs 6,136 (previous year: Rs 1,313,247)]		
Work-in-progress	2,200,662	8,589,786
Finished goods and stock in trade	7,177,796	11,829,939
Stores and spares	2,542,147	4,480,951
	<u>66,975,915</u>	<u>113,858,414</u>

	31 December, 2014	31 December, 2013
<b>16 Trade receivables</b>		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Unsecured, Considered good:	19,806,781	39,200,266
(b) Doubtful:	12,360,607	4,489,436
Less: Provision for doubtful receivables	(12,360,607)	(4,489,436)
(A)	<u>19,806,781</u>	<u>39,200,266</u>
Other receivables		
(a) Unsecured, Considered good:	96,467,030	89,660,197
(b) Doubtful:	-	5,629
Less: Provision for doubtful receivables	-	(5,629)
(B)	<u>96,467,030</u>	<u>89,660,197</u>
(A) + (B)	<u>116,273,811</u>	<u>128,860,463</u>



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>17 Cash and bank balances</b>		
Cash and cash equivalents		
- Cash on hand	17,152	48,862
- Cheques on hand	-	110,356
- Balances with banks		
- in current accounts	1,300,193	4,966,997
- in EEFC account	99,585	537,809
- in earmarked account		
- Unpaid dividend accounts	1,492,235	1,580,745
- in deposit accounts (with original maturity of 3 months or less)	-	4,240,000
	<u>2,909,165</u>	<u>11,484,769</u>
Other bank balances		
- In deposits accounts with original maturity of more than three months but less than twelve months	7,500,000	-
	<u>10,409,165</u>	<u>11,484,769</u>
<b>Details of bank balances and deposits</b>		
- in deposit accounts (with original maturity of 3 months or less) (Cash and cash equivalents)	-	4,240,000
- In deposits accounts with original maturity of more than three months but less than twelve months (Other bank balances)	7,500,000	-
- Bank deposits (due to mature after 12 months from the reporting date) (Other non-current assets)	23,895,242	20,157,000
	<u>31,395,242</u>	<u>24,397,000</u>
<b>18 Short-term loans and advances</b> <i>(unsecured, considered good)</i>		
Loans and staff	821,259	1,065,894
Advances to staff	683,207	-
Advance for supply of goods and services	721,794	2,398,595
Security deposits	1,263,201	1,872,369
Prepaid expenses	1,405,345	1,731,112
Balance with indirect tax authorities	1,786,696	4,223,828
	<u>6,681,502</u>	<u>11,291,798</u>
<b>19 Other current assets</b> <i>(unsecured, considered good)</i>		
Interest accrued on fixed deposits with banks	563,626	948,325
Receivable form income tax	12,729,700	-
	<u>13,293,326</u>	<u>948,325</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>20 Revenue from operations (gross)</b>		
Sale of products		
- Finished goods	99,054,364	150,235,449
- Traded goods	17,589,965	3,387,077
Sales of services		
- Recoating	194,346,018	212,500,467
- Annual maintenance charges	1,445,281	2,992,196
Other operating revenue		
- Scrap sales	578,078	574,405
	<b>313,013,706</b>	<b>369,689,594</b>
<b>Break up of revenue from sale of finished goods</b>		
Coated metal anodes	18,952,858	30,620,818
Electrochlorinators	30,811,685	56,713,150
Cathodic protection (anti corrosion) systems	49,289,821	48,196,716
Project revenue	-	14,704,765
	<b>99,054,364</b>	<b>150,235,449</b>
<b>Break up of revenue from sale of traded goods</b>		
Coated metal anodes	600,000	165,000
Electrochlorinators	2,625,673	1,249,450
Cathodic protection (anti corrosion) systems	14,364,292	1,972,627
	<b>17,589,965</b>	<b>3,387,077</b>
<b>21 Other income</b>		
Dividend income from current investments	6,164,848	6,022,100
Dividend income from non-current investments	43,000	43,000
Interest income		
- on bank deposits	1,193,887	1,753,161
- on loans to employees	59,914	76,011
- on income tax refund / others	3,167,773	1,115,322
Net profit on sale of fixed assets	-	13,492
Deputation charges	1,475,233	1,512,872
Writeback of provision for warranty (net)	7,833,833	-
Miscellaneous income	2,519,990	564,303
	<b>22,458,478</b>	<b>11,100,261</b>



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>22 Cost of materials consumed</b>		
Opening stock	88,957,738	70,486,980
Purchases	61,728,613	150,438,499
Closing stock	55,055,310	88,957,738
	<b>95,631,041</b>	<b>131,967,741</b>
<b>Breakup of material consumed</b>		
Chemicals	40,946,828	67,699,210
Titanium metal	3,983,554	4,572,038
Canisters/ strings/ strips/ cables	5,615,174	3,867,600
Components for electro chlorinators	6,877,329	20,781,255
Components for projects	-	21,910,744
Others	24,504,451	10,572,919
	<b>81,927,336</b>	<b>129,403,766</b>
<b>Breakup of purchase of traded goods</b>		
Titanium metal	11,744,232	1,428,615
Components for electro chlorinators	1,062,268	445,290
Others	897,205	690,070
	<b>13,703,705</b>	<b>2,563,975</b>

	31 December, 2014	31 December, 2013
<b>23 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<u>Inventories at the end of the year:</u>		
Finished goods and stock in trade	(7,177,796)	(11,829,940)
Work-in-progress	(2,200,662)	(8,589,786)
Sub-total	<b>(9,378,458)</b>	<b>(20,419,726)</b>
<u>Inventories at the beginning of the year:</u>		
Finished goods and stock in trade	11,829,940	12,026,670
Work-in-progress	8,589,786	15,502,520
Sub-total	<b>20,419,726</b>	<b>27,529,190</b>
<b>Net decrease</b>	<b>11,041,268</b>	<b>7,109,464</b>
<b>Break-up of inventories</b>		
<b>Finished goods</b>		
Coated metal anodes	4,683,531	6,446,810
Electrochlorinators	2,012,159	3,872,502
Cathodic protection (anti corrosion) systems	482,106	1,510,628
	<b>7,177,796</b>	<b>11,829,940</b>
<b>Work-in-progress</b>		
Anodes / Cathodes	845,389	3,539,799
Cathodic Protection Systems	399,934	1,505,132
Electrochlorinators	955,339	3,544,855
	<b>2,200,662</b>	<b>8,589,786</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	35,092,937	32,464,573
Contribution to provident and other funds (refer note 34)	5,083,481	5,422,436
Compensated absences	2,423,970	1,816,036
Staff welfare expenses	3,789,632	4,236,581
	<b>46,390,020</b>	<b>43,939,626</b>

	31 December, 2014	31 December, 2013
<b>25 Finance costs</b>		
Interest expenses	33,434	79,478
	<b>33,434</b>	<b>79,478</b>

	31 December, 2014	31 December, 2013
<b>26 Depreciation and amortisation</b>		
Depreciation on tangible fixed assets	11,681,976	6,849,095
Amortisation on intangible fixed assets	326,533	294,970
	<b>12,008,509</b>	<b>7,144,065</b>

	31 December, 2014	31 December, 2013
<b>27 Other expenses</b>		
Consumption of stores and spare parts	9,810,197	7,885,421
Consumption of packing material	134,440	173,432
Job work and labour charges	7,430,330	9,223,956
Installation, commissioning and repair cost of electrochlorinators	2,257,415	3,445,290
Power, fuel and water	5,953,252	5,582,445
Freight and forwarding	1,072,546	931,487
Rent	48,000	166,500
Repairs and maintenance		
- Building	1,517,677	1,767,601
- Machinery	2,481,260	1,642,411
- Others	744,142	1,078,663
Insurance	2,113,170	2,211,171
Rates and taxes	2,633,229	229,433
Travelling expenses	10,074,022	11,594,103
Legal and professional fees	24,467,385	26,128,358
Auditors' remuneration (refer note below)	1,040,812	1,000,960
Commission	904,641	5,003,858
Advertising and sales promotion	1,944,374	1,358,280
Bank charges	1,594,657	3,299,235
Telephone and other communication expenses	1,591,462	1,804,462
Printing and stationery	866,554	932,694
Provision for warranty (net)	-	789,376
Bad debts written off	784,641	8,902
Provision for doubtful debts	7,754,248	1,743,523
Net loss on account of foreign exchange fluctuations	554,510	4,321,335
Net loss on sale of current investments	-	345,884



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

	31 December, 2014	31 December, 2013
Net loss on sale of fixed assets	105,177	-
Donation	20,001	17,801
Royalty	10,549,155	10,889,913
Miscellaneous expenses	3,877,640	6,191,863
	<b>102,324,937</b>	<b>109,768,357</b>
<b>Note: Auditors' remuneration</b>		
As Auditor		
Statutory audit	307,500	275,000
Tax accounts	160,000	150,000
Limited review of quarterly results	450,000	450,000
Reimbursement of expenses	123,312	125,960
	<b>1,040,812</b>	<b>1,000,960</b>

	31 December, 2014	31 December, 2013
<b>28 Contingent liabilities</b>		
<i>Claims in respect of:</i>		
Excise matters	1,467,590	1,467,590

	31 December, 2014	31 December, 2013
<b>29 Capital and other commitments</b>		
Bank guarantees given by Company comprise of the following:		
- Against product performance	50,976,354	91,838,726
- Against export commitments to customs authorities	646,938	646,938
- Against others	985,000	975,000

<b>30 Related party transactions</b>		
<b>a) Parties where control exists</b>		
<b>Name of related party</b>	<b>Relationship</b>	
Oronzio De Nora International B.V.	Holding Company (holds 53.68% of the equity share capital as at 31 December 2014)	
Industrie De Nora S.p.A.	Ultimate Holding Company ('UHC')	
<b>b) Other related parties with whom transactions have taken place during the year</b>		
<b>Name of related party</b>	<b>Relationship</b>	
i. Industrie De Nora S.p.A., Singapore Branch De Nora Elettrodi (Suzhou) Ltd. De Nora Tech Inc. Severn Trent De Nora	Entities under common control ('EUCC')	
ii. De Nora Deutschland GmbH De Nora Do Brasil Ltd.	Fellow Subsidiaries ('FS')	
iii. Vinay Chopra (Manager)	Key Management Personnel ('KMP')	





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### 30 Related party transactions (Continued)

#### c) Transactions with related parties have been set out below

Transactions	UHC	EUCC	FS	KMP	Total
Purchase of raw materials, trading goods and spares	<b>1,521,675</b>	<b>2,605,365</b>	<b>9,342,019</b>	-	<b>13,469,059</b>
	(934,917)	(2,082,667)	(758,175)	(-)	(3,775,759)
Commission paid	<b>21,775</b>	-	-	-	<b>21,775</b>
	(90,644)	(-)	(-)	(-)	(90,644)
Purchase of services	<b>16,423,905</b>	<b>2,728,908</b>	<b>402,729</b>	-	<b>19,555,542</b>
	(23,916,240)	(-)	(-)	(-)	(23,916,240)
Purchase of intangible assets	<b>5,804,481</b>	-	-	-	<b>5,804,481</b>
	(-)	(-)	(-)	(-)	(-)
Payment of royalty	<b>10,549,155</b>	-	-	-	<b>10,549,155</b>
	(10,889,913)	(-)	(-)	(-)	(10,889,913)
Reimbursement of expenses	<b>415,671</b>	-	-	-	<b>415,671</b>
	(623,066)	(-)	(155,374)	(-)	(778,440)
Sale of goods and services	<b>57,172</b>	<b>7,677,814</b>	<b>915,552</b>	-	<b>8,650,538</b>
	(-)	(2,907,092)	(3,445,425)	(-)	(6,352,517)
Recovery of expenses	-	-	<b>1,475,233</b>	-	<b>1,475,233</b>
	(-)	(1,472,420)	(-)	(-)	(1,472,420)
Dividends paid	<b>11,398,700</b>	-	-	-	<b>11,398,700</b>
	(19,946,500)	(-)	(-)	(-)	(19,946,500)
Remuneration*	-	-	-	<b>2,235,450</b>	<b>2,235,450</b>
	(-)	(-)	(-)	2,906,205	2,906,205
Balance outstanding as on 31 December 2014					
- Receivables	-	<b>70,185</b>	<b>467,627</b>	-	<b>537,812</b>
	(-)	(19,146)	(2,092,617)	(-)	(2,111,763)
- Payables	<b>10,680,519</b>	<b>89,598</b>	<b>6,136</b>	-	<b>10,776,253</b>
	(17,524,793)	(-)	(-)	(-)	(17,524,793)

\*The above amount does not include gratuity and leave encashment benefits which is actuarially determined on an overall basis for the company and individual information in respect of the directors is not available.

Previous year numbers are in bracket.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

<b>d) Name of the parties having related party transactions in excess of 10% in line transactions.</b>			
<b>Name of the related party</b>	<b>Transactions</b>	<b>31 December, 2014</b>	<b>31 December, 2013</b>
Industrie De Nora S.p.A.	Purchase of raw materials, trading goods and spares	1,521,675	934,917
De Nora Deutschland GmbH	Purchase of raw materials, trading goods and spares	2,605,365	758,175
De Nora Elettrodi (Suzhou)	Purchase of raw materials, trading goods and spares	1,723,833	721,334
De Nora Tech	Purchase of raw materials, trading goods and spares	7,618,186	1,361,333
Industrie De Nora S.p.A.	Payment of Commission	21,775	90,644
Industrie De Nora S.p.A.	Purchase of services	18,718,049	23,916,240
De Nora Deutschland GmbH	Purchase of services	2,728,908	-
De Nora Elettrodi (Suzhou)	Purchase of services	402,729	-
Industrie De Nora S.p.A.	Purchase of intangible assets	5,804,481	-
Industrie De Nora S.p.A.	Payment of Royalty	10,549,156	10,889,913
Industrie De Nora S.p.A.	Reimbursement of expenses	415,671	623,066
De Nora Deutschland GmbH	Reimbursement of expenses	-	155,374
De Nora Deutschland GmbH	Sale of goods and services	7,677,814	3,445,425
Industrie De Nora S.p.A.	Sale of goods and services	57,172	2,888,216
Industrie De Nora S.p.A. (Singapore)	Sale of goods and services	915,552	-
De Nora Elettrodi (Suzhou)	Recovery of expenses	1,475,233	1,472,420
Oronzio De Nora International B.V.	Dividends paid	11,398,700	19,946,500
S.C. Jain (Managing Director)	Remuneration paid to Key Managerial Personnel	-	1,211,994
Vinay Chopra (Manager)	Remuneration paid to Key Managerial Personnel	2,235,450	1,694,211

### 31 Earnings per share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

	<b>31 December, 2014</b>	<b>31 December, 2013</b>
Weighted average number of equity shares outstanding	5,308,634	5,308,634
Net profit after tax available for equity shareholders	42,525,454	47,757,173
Basic and diluted earnings per equity share of Rs 10 each	8.01	9.00

### 32 Segment information

The Company's primary (business) segment is singular viz. "Electrolytic Products". Further, the Company caters mainly to the needs of the domestic market. The export turnover is not significant in proportion to the total turnover. As such, there are no reportable geographic segments either. Therefore, segment information required by Accounting Standard No. 17 (AS-17) notified under the Companies (Accounting Standards) Rules, 2006, is not furnished.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### 33 Disclosure relating to provisions

#### *Warranties/ recoating*

The Company offers warranties for one of the critical parts of certain electrochlorinators and for some of its coating / recoating services for an initial period of two years followed by support contracts for a period of four years in the case of electrochlorinators and for a period of six years in the case of coating, eight years in case of recoating services during which period amounts are recoverable from the customers based on pre-defined terms. Estimated costs from warranty terms standard to the deliverable are recognised when revenue is recorded for the related deliverable. The Company estimates its warranty costs standard to the deliverable based on historical warranty claim experience and applies this estimate to the revenue stream for deliverables under warranty. Future costs for warranties applicable to revenue recognised in the current period are charged to the revenue account.

The warranty accrual is reviewed periodically to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates. Provisions include estimated costs of support maintenance contracts to the extent such estimated costs are expected to exceed the expected recovery during the obligation period. No assets are recognised in respect of the expected recovery on support contracts.

Factors that could impact the estimated claim information include the Company's productivity, costs of materials, power and labour, and the actual recoveries on support contracts.

The movement in the provision for warranties/ recoating are summarised as under :

	31 December, 2014	31 December, 2013
Opening carrying amount	27,083,918	26,294,542
Additional provisions made during the year	667,442	1,641,882
Unused amounts reversed / utilized during the year	10,610,306	852,506
Closing carrying amount	17,141,054	27,083,918

Most of the outflows are expected to take place within 1 year from the balance sheet date and the remaining will be incurred upto a period upto 8 years from the balance sheet date.

### 34 Employee benefits

#### a) *Defined-Contribution Plans*

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. The company makes specified monthly contributions towards employees provident fund to government administrative provident fund scheme which is a defined contribution plan. Contributions of superannuation fund are made to LIC. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. The company does not have any obligation beyond the amounts already contributed.

A sum of Rs 3,344,912 (previous year Rs 3,131,512) has been charged to the revenue account in this respect, comprising of the following:

	31 December, 2014	31 December, 2013
Provident Fund	1,482,390	1,494,948
Family Pension Fund	699,818	492,341
Superannuation Fund	1,162,704	1,144,223
<b>Total</b>	<b>3,344,912</b>	<b>3,131,512</b>

#### b) *Defined-Benefit Plans*

The Company offers its employees defined-benefit plans in the form of a gratuity scheme. Benefits under the defined benefit plan is typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable. Commitments are actuarially determined at year-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of profit and loss.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

### i. Reconciliation of opening and closing balance of obligation

	31 December, 2014	31 December, 2013
Liability at the beginning of the year	9,936,426	8,587,636
Current service cost	654,990	481,282
Interest cost	882,245	670,421
Benefits paid	-	(1,584,231)
Actuarial loss on obligations	922,631	1,781,318
Liability at the end of the year	12,396,292	9,936,426

### ii. Reconciliation of opening and closing balance of fair value of plan assets

	31 December, 2014	31 December, 2013
Fair value of plan assets at the beginning of the year	6,984,398	7,926,532
Expected return on plan assets	693,384	642,097
Contributions by the employer	1,879,978	-
Benefits paid	-	(1,584,231)
Actuarial gain on plan assets	27,913	-
Fair value of plan assets at the end of the year	9,585,673	6,984,398

The plan assets of the Company are managed by the Life Insurance Corporation of India and the composition of investments relating to these assets are not available with the Company.

### iii. Expenses recognised on defined benefit plan in the profit and loss account

	31 December, 2014	31 December, 2013
Current service cost	654,990	481,282
Interest expense	882,245	670,421
Expected return on investment	(693,384)	(642,097)
Net actuarial (gain) / loss	922,631	1,781,318
Actuarial Gains/(Losses) on Plan Assets	(27,913)	-
Expenses/ (income) recognised in the profit and loss account	1,738,569	2,290,924

### iv. Amount recognised on defined benefit plan in the Balance sheet

	31 December, 2014	31 December, 2013
Present value of the commitment	12,396,292	9,936,426
Fair value of plan assets	9,585,673	6,984,398
Net liability recognised in the balance sheet	2,810,619	2,952,028

### v. Actual return on plan assets

	31 December, 2014	31 December, 2013
Expected return on plan assets	693,384	642,097
Actuarial gains on plan assets	27,913	-
Actual return on plan assets	721,297	642,097

### vi. Principal actuarial assumptions

Discount rate	7.95%	9.00%
Expected rate of return on plan assets	8.75%	9.00%
Salary increment rate	8.00%	8.00%
Mortality rates	IALM (2006-08)	IALM (2006-08)



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

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

vii. *Net Assets / (Liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustments*

Particulars	31 December, 2014	31 December, 2013	31 December, 2012	31 December, 2011	31 December, 2010
Fair value of plan assets, end of period	9,585,673	6,984,398	7,926,531	7,078,404	5,912,000
Projected benefit obligation, end of period	12,396,292	9,936,426	8,587,636	7,126,160	6,509,742
Deficit in the plan	2,810,619	2,952,028	661,104	47,756	597,742
Experience adjustments on plan assets	27,913	-	10,761	-	-
(Gains)/losses due to change in assumptions	701,796	1,015,477	140,685	(149,643)	(146,441)
Experience losses on PBO	220,835	765,841	501,567	428,046	351,373
Total loss	922,631	1,781,318	642,252	278,403	204,932

### 35 Transactions in foreign currency

a) *Earnings in foreign currency*

	31 December, 2014	31 December, 2013
Value of exports on a Free On Board ('FOB') basis	11,605,921	9,063,392
Recovery of charges	1,475,233	1,472,420
	<b>13,081,154</b>	<b>10,535,812</b>

b) *Expenditure in foreign currency*

	31 December, 2014	31 December, 2013
Travelling expenses	1,232,760	951,161
Purchase of services	19,555,542	23,916,240
Royalty	10,549,155	10,889,913
Reimbursement of expenses	415,671	778,440
Commission	21,775	90,644
	<b>31,774,903</b>	<b>36,626,398</b>

c) *Remittance of dividend in foreign currency*

	31 December, 2014	31 December, 2013
Amount remitted in foreign currency	11,398,700	19,946,500
Dividend for the year ended	31-Dec-13	31-Dec-12
Number of non-resident share holders	1	1
Number of shares held	2,849,500	2,849,500



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2014

(Currency: Indian Rupee)

**35 Transactions in foreign currency (Continued)**

d) *Value of imports on Cost, Insurance and Freight ('CIF') basis*

	31 December, 2014	31 December, 2013
Raw material	34,201,477	107,505,431
Intangible assets	6,247,920	-
	<b>40,449,397</b>	107,505,431

e) *Foreign currency exposures*

The Company does not enter into any derivative contracts to hedge its risk associated with foreign currency fluctuations. The unhedged foreign currency exposure on the receivables and payables at the year end is given below:

	31 December, 2014		31 December, 2013	
	Rs	Euros (€)	Rs	Euros (€)
i. Amounts denominated in Euros				
Receivables	2,550,771	33,403	3,469,813	41,043
Payables	10,770,117	141,037	17,524,793	207,254
ii. Amounts denominated in US Dollars ('USD')				
	Rs	USD	Rs	USD
Receivables	97,209	1,500	-	-
Payables	6,136	97	-	-

**36 Consumption of imported and indigenous raw material and components**

	31 December, 2014		31 December, 2013	
	Value (Rs)	% of total consumption	Value (Rs)	% of total consumption
<i>Raw material:</i>				
Imported	48,377,585	59	84,376,222	65
Indigenous	33,549,751	41	45,027,544	35
	<b>81,927,336</b>	<b>100</b>	<b>129,403,766</b>	<b>100</b>
<i>Stores and spares:</i>				
Imported	-	-	-	-
Indigenous	9,810,197	100	7,885,421	100
	<b>9,810,197</b>	<b>100</b>	<b>7,885,421</b>	<b>100</b>

**37 Disclosure in accordance with Accounting Standard – 7 (Revised)**

	31 December, 2014	31 December, 2013
a) Contract revenue (net of excise)	-	14,704,765
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	-	20,910,745
(ii) Recognized profits (net of recognized losses)	-	(6,205,980)
(iii) Retention money	<b>2,002,850</b>	21,425,743
c) Gross amount due from customers for contract work	-	22,437,214



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2014

(Currency: Indian Rupee)

d) Gross amount due to vendors for contract work	<b>2,300,000</b>	2,300,000
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### 38 Taxation

- a) The tax year for the Company being the year ending 31 March 2015, the ultimate tax liability will be determined on the basis of the results for the period 1 April 2014 to 31 March 2015.
- b) The Company's international transactions with associated enterprises are at arm's length as per the independent accountant's report for the year ended 31 March 2014. The Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the period subsequent to 31 March 2014. Management believes that the company's international transactions with associated enterprises post 31 March 2014 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

### 39 Previous year's figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements as under:

Previous caption	Current caption	Amount
Cost of materials consumed	Purchase of traded goods	2,563,975
Creditors for expenses	Accrual of expenses	34,233
Creditors for expenses	Payable to Employees	486,779
Other expenses	Revenue from operations (gross)	5,426,426
Trade Payables	Accrual of expenses	2,300,001

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No : 101248W/W-100022

For and on behalf of the Board of Directors

**De Nora India Limited**

**Vijay Mathur**

*Partner*

Membership No : 046476

**M. A. Sundaram**

*Chairman*

**Vinay Chopra**

*Director*

**Jyoti Bandodkar**

*Company Secretary*

Place: Mumbai

Date: 19 February, 2015

Place: Goa

Date: 19 February, 2015





# SH- 13

Please fill this Nomination form in Duplicate after carefully reading the instructions given below:

## NOMINATION FORM

[Pursuant to section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies  
(Share Capital and Debentures) Rules,2014]

To,  
De Nora India Limited  
Plot Nos. 184, 185 & 189, Kundaim Industrial Estate,  
Kundaim, Goa –403 115

I/We \_\_\_\_\_  
residing at \_\_\_\_\_  
the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate  
the following person in whom shall vest, all the rights in respect of such securities in the event of my/our death.

### 1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of securities	CertificateNo.	Distinctive No.	
				From	To

### 2) PARTICULARS OF NOMINEE

Name:	Date of Birth: ____/____/____		Signature of the Nominee
Father's/ Mother's/ Spouse's name:	Occupation:	Nationality:	
E-mail id:			
Phone No :	Relationship with the security holder:		
Address: _____ _____			Signature of the Nominee
Pin code : _____			

### 3) IN CASE NOMINEE IS A MINOR

Date of birth: ____/____/____	Date of attaining Majority: ____/____/____	Name of guardian:
Address of guardian: _____		
Pin code _____		

Name of the Security Holder(s)		Signature
1.		
2.		
3.		
<b>Name of witness</b>		<b>Signature of Witness with date</b>
Address: _____		
Pin code: _____		
Place: _____	Date: ____/____/____	

1. The Nomination can be made by individuals only holding shares singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership firm, Karta of Hindu Undivided Family and Power of Attorney holder cannot nominate.
2. The nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family and power of attorney holder.
3. The shareholder[s] can nominate a minor as a nominee and in that event the name and address of the guardian shall be provided.
4. As per section 72 of the Companies Act 2013, if the shares are held by more than one person jointly, then the jointholders may together nominate a person to whom all the rights in the shares of the Company shall vest, in the event of death of all the joint holders.
5. If the shares are held jointly, subsequent to the death of any one of the holders, the shares would not be registered in favour of the nominee but would be transferred in the name of the surviving shareholders.
6. The nomination form filled in “**duplicate**” should be lodged with the Registrar and Share transfer Agent of the Company i.e. **M/s. Sharepro Services (India) Private Limited, [Unit: De Nora India Limited]**, 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072. The Registrar will return one copy of the nomination form to the shareholder after registering the nomination. The registration number allotted will be furnished in the said form.
7. The shareholder[s] can delete or change an earlier nomination by executing Form No. SH-14 (Cancellation or Variation of Nomination form)
8. Nomination stands cancelled whenever the shares in the given folio are transferred/dematerialized. Also in case of change in folio due to consolidation/ transmission a new nomination has to be filed.
9. The nomination made through Form No. SH-13 will be considered valid if the nomination made by the holder[s] of the shares is registered with the Company before the death of the registered holder[s] of the shares.
10. Kindly note that the nomination being a legal document should be dated by the nominator and the witness should certify that the nominator has signed the form in their presence. Furthermore the date of execution on the Nomination Form should match with the date of witness, witnessing the document.
11. A copy of photo identity proof (like PAN/Passport) of nominee is required.

<b>FOR OFFICE USE ONLY</b>		
<b>Nomination Registration No.</b>	<b>Date of Registration</b>	<b>Signature of Employee with Code No.</b>



## BANK ACCOUNT PARTICULARS/NECS MANDATE FORM

I/We \_\_\_\_\_ are holding \_\_\_\_\_ shares against Folio No. \_\_\_\_\_ (Physical mode) and \_\_\_\_\_ shares (Demat mode) against Client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ and do hereby authorise DE NORA INDIA LIMITED

1. To print the following details on my/our dividend warrant
2. To credit my dividend amount directly to my Bank Account in accordance with RBI's scheme (Strike out whichever is not applicable)

### Particulars of Bank Account:

- A. Bank Name : \_\_\_\_\_
- B. Branch Name : \_\_\_\_\_  
Address (for Mandate only) : \_\_\_\_\_  
: \_\_\_\_\_
- C. 9 Digit Code number of the Bank & Branch name appearing on the MICR cheque : \_\_\_\_\_
- D. Account Type (Saving/Current) : \_\_\_\_\_
- E. Account No. as appearing on the cheque book (Core Banking A/c No.) : \_\_\_\_\_
- F. STD Code & Telephone No. : \_\_\_\_\_

I/We shall not hold the Company responsible if the NECS could not be implemented or the Company discontinues the NECS, for any reason.

Mail To: **Sharepro Services (I) Private Limited,  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange,  
Andheri - Kurla Road Sakinaka,  
Andheri(E), Mumbai - 400 072.**

\_\_\_\_\_  
Signature of the Shareholder

**Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.**









To

*If undelivered, please return to:*

**DE NORA INDIA LIMITED**

Registered Office and Works :  
Plot Nos. 184, 185 & 189, Kundaim Industrial Estate  
Kundaim, Goa – 403 115