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# DE NORA INDIA LIMITED

(Formerly Titanor Components Limited)

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ANNUAL REPORT 2013





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<b>COMPANY SECRETARY</b> JYOTI BANDODKAR	Nomination Form	
<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	<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>	
<b>BANKERS</b> BANK OF BARODA AXIS BANK LIMITED		





## NOTICE

Notice is hereby given that the twenty fifth Annual General Meeting of DE NORA INDIA LIMITED will be held on Wednesday, May 14, 2014 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. To receive, consider and adopt the Balance Sheet as at 31st December, 2013, 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. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Premal Kapadia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. A. Sundaram who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the management to fix their remuneration.

### SPECIAL BUSINESS

6. Appointment of Dr. Robert Scannell 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** Dr. Robert Scannell who was appointed by the Board of Directors as an Additional Director of the Company on February 12, 2014 and who holds office up to the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“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 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

**“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 12, 2014

**JYOTI BANDODKAR**  
COMPANY SECRETARY

### NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.**
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The relative Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item No. 6.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from May 10, 2014 to May 14, 2014 (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.
- e) 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.
- f) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.
- g) The amount of unclaimed dividend for and upto the year ended March 31, 1994 which remained unpaid or unclaimed have been transferred to the General Revenue Account of the Central Government. Any claim for payment of such unclaimed/unpaid Dividend should be made by an application in the prescribed form to the Registrar of Companies, Goa at the address given below:  
  
The Registrar of Companies  
Company Law Bhavan  
EDC, Plot No. 21, Patto  
Panaji – 403 001, Goa
- h) Pursuant to the provisions of Sec. 205A(5) of the Companies Act, 1956, dividend for the financial year ended December 31, 2006 which remain unclaimed till June 12, 2014 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 July 11, 2014.

Unclaimed and unpaid dividend for the Financial Years 1997, 1998, 2003, 2004 and 2005 have already been transferred to “Investors Education And Protection Fund” on October 13, 2004, October 10, 2005, June 27, 2011, April 20, 2012 and May 17, 2013 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.



- i) Consequent upon the introduction of Section 109A of the Companies Act, 1956, 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 2B (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**

- j) Members are requested to notify immediately any change in their addresses to the Registrar & Transfer Agents at the above address.
- k) As per SEBI's directive, w.e.f. June 26, 2000 all investors can offer delivery of Company's shares in dematerialized form only. 5161513 number of Company's shares (97.22%) have been dematerialized as on 31-12-2013.

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.**

- l) 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 May 9, 2014. Shareholders holding shares in electronic form should inform the same to their respective Depository Participants immediately.
- m) Members are also requested to register and update their e-mail address with the Company in order to receive various documents through electronic mode.

#### **INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT**

- I. Name : Mr. Premal Kapadia  
Age : 64 years  
Qualification : M.S. (Engineering) - USA  
Expertise : Mr. Kapadia is a Chemical Engineer with 39 years' experience in project execution, business development, general administration and overall corporate management. He has wide exposure in the project engineering activities comprising engineering, procurement, inspection, expediting, planning and scheduling, construction, etc. He has gathered experience in execution of projects in the fields of Oil and Gas Processing, Petrochemicals, Chemicals, Pharmaceuticals, Coal Washeries, Material Handling, Dyestuffs and Intermediates, Electrolytic Processes, Pulp and Paper, Food Stuffs.

#### **Other Directorship/Committee Membership:**

1. Harshadray Private Limited, Mumbai
2. Dryden Private Limited, Mumbai
3. TUV India Private Limited, Mumbai
4. Harshadray Investment Private Limited, Mumbai
5. The West Coast Paper Mills Limited, Dandeli
6. Kaira Can Co. Limited, Mumbai
7. Silicon Interfaces Private Limited, Mumbai
8. Silicon Interfaces America Inc., U.S.A.
9. Protos Engineering Co. Private Limited, Mumbai
10. Sortimat Protos Automation Private Limited, Mumbai
11. Alkyl Amines Chemicals Limited, Mumbai
12. Thyssenkrupp Industries India Private Limited, Pune
13. FirsteService (India) Private Limited, Mumbai
14. Intergrated Industrial Quality Management Consultants Private Limited, Mumbai
15. Rata Iron Ore & Minerals Exports Private Limited, Mumbai
16. Sujata Resources Private Limited, Mumbai
17. Jain International Trade Organization, Mumbai
18. Sujata Enterprises, Mumbai
19. Puma Properties Limited, Mumbai
20. Virman Real Estate Private Limited, Mumbai
21. Virneesh Properties Developers Private Limited, Mumbai
22. Suproha Properties Private Limited, Mumbai
23. Sujata Commodities Services DMCC, Dubai, U.A.E.
24. Sujata Commodities International Limited, Dubai, U.A.E.
25. Clarity Solutions Private Limited, Mumbai

He is a member of the Remuneration Committee of the Board of De Nora India Limited, Chairman of the Share Transfer Committee of Kaira Can Co. Ltd., Member of the Audit Committee of Alkyl Amines Chemicals Ltd. and Member of Audit and Remuneration Committee of The West Coast Paper Mills Ltd.

Details of Shareholding : 57000 Shares

- II. Name : Mr. M. A. Sundaram  
Age : 81 years  
Qualification : IRAS (Retd.) Studied Modern Management Techniques in USA & Canada on a UN Fellowship. (1972-73)  
Expertise : He joined Indian Railways Accounts Service in 1957 and served for 20 years at various Railway Divisions. He was selected as Finance Director of Bongaigaon Refineries & Petrochemicals Ltd. (BRPL 1977-1981) by Public Enterprises Selection Board. Acted as Vice-President (Finance) Zuari



Industries 1981-1990 and Vice-President (Finance) Reliance Industries Ltd. from 1990-1992 where he was looking after Reliance Petrochemicals Ltd.'s Hazira Project. He was a Consultant to Deepak Fertilizer & Petrochemicals Corp. Ltd. He is associated with Goa Institute of Management and Goa University's Department of Management Studies as a Visiting Faculty.

Other Directorship/Committee Membership:

1. Goa Property and Financial Services Pvt. Ltd. He is a Chairman of the Audit, Remuneration & Shareholders' Grievance Committee of the Board of De Nora India Limited.

Details of Shareholding : NIL

III. Name : Dr. Robert Scannell  
Age : 54 years  
Qualification : Ph.D. in Electrochemistry

Expertise : He is the Managing Director of De Nora Deutschland GmbH and the Regional Chief Officer of De Nora for EMEA, including the operational section of De Nora Deutschland and Industrie De Nora S.p.A. Milano. He is a highly motivated executive with over 22 years Industrial Experience in the core businesses of the De Nora Group. He was previously the head of Global Technical Services within De Nora and held the position of head of Research & Development within Heraeus Elektrochemie GmbH and a research position within Siemens in Erlangen, Germany.

Other Directorship/Committee Membership:

1. De Nora Deutschland GmbH

He is a member of the Audit & Remuneration Committee of the Board of De Nora India Limited.

Details of Shareholding : NIL

## ANNEXURE TO THE NOTICE

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 ("the Act"), sets out all material facts relating to the business mentioned at Item No. 6 of the accompanying Notice dated February 12, 2014:

### Item No. 6

The Board of Directors ('the Board') appointed Dr. Robert Scannell as an Additional Director of the Company on February 12, 2014, pursuant to Section 260 of the Act and Article 139 of the Articles of Association of the Company. Under Section 260 of the Act, Dr. Robert Scannell ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Dr. Scannell's appointment as a Director.

Brief Information of Dr. Scannell 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 Dr. Robert Scannell and accordingly recommends the Resolution at Item No. 6 for approval by the Members.

Dr. Robert Scannell is not related to any other Director of the Company.

None of the Directors, the Manager, the Key Managerial Personnel and their relatives other than Dr. Robert Scannell, are interested in the resolution.

By Order of the Board of Directors

Place : Kundaim - Goa  
Dated : February 12, 2014

**JYOTI BANDODKAR**  
COMPANY SECRETARY



## DIRECTORS' REPORT

TO

THE MEMBERS OF DE NORA INDIA LIMITED

The Directors have pleasure in presenting the 25<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2013.

### FINANCIAL RESULTS

(RS. IN MILLION)

	2013	2012
Sales & Other Income (Net of duties)	<b>373.87</b>	656.63
Profit/(Loss) before Depreciation & Taxation	<b>76.31</b>	198.61
Provision for Depreciation	<b>7.14</b>	(5.98)
Provision for Taxation for current/ prior years	<b>30.63</b>	(59.96)
Deferred Taxation (Liability)/Asset for current/prior years	<b>(9.21)</b>	0.40
Net Profit after Tax	<b>47.75</b>	133.07
Balance of Profit brought forward	<b>157.98</b>	81.40
Transfer To General Reserves	<b>5.06</b>	13.31
Proposed Dividend	<b>21.23</b>	37.16
Tax on Dividend	<b>3.60</b>	6.03
Balance of Profit carried forward to next year	<b>175.84</b>	157.98

### DIVIDEND

The Directors of the company recommend a Dividend of 40% of the paid-up capital for the year ended 31<sup>st</sup> December, 2013 absorbing an amount of Rs. 24.83 Million of distributable profits, inclusive of tax on dividend as against 70% dividend for the previous year 2012. The Directors feel the need to conserve the cash to efficiently maintain the operating cycle and for future growth prospects.

### OPERATIONS

The Company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business. The Company has consolidated its market share in the sales of Electrochlorinators during the year 2013.

### 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 2013 & looks forward to continue to develop this biz segment in 2014 as well. DNIL is also continuing to market new products of De Nora Next namely: Solar Mac NGO™ & Giselle.

### DIRECTORS

During the year Mr. Satish Chandra Jain, Managing Director of the Company retired from the post of Managing Director w.e.f. 15<sup>th</sup> July, 2013. Mr. Vinay Chopra was appointed as the Manager of the Company w.e.f. 16<sup>th</sup> July, 2013 in the 24<sup>th</sup> Annual General Meeting of the Company held on 8<sup>th</sup> May, 2013.

Mr. Angelo Ferrari and Mr. Giuseppe Cambareri stepped down as Directors of the Company w.e.f. 09<sup>th</sup> May, 2013. On account of cessation of Mr. Giuseppe Cambareri as Director of the Company, Mr. R. V. N. P. R. Sardessai, Alternate Director to Mr. Giuseppe Cambareri, also ceased to be a Director of the Company.

Mr. Ravi Menezes, Mr. R. V. N. P. R. Sardessai, Mr. Krishan Khanna and Mr. Vinay Chopra were appointed as Additional Directors of the Company w.e.f. 09<sup>th</sup> May, 2013 and were all regularized in the Extra-ordinary General Meeting of the Shareholders of the Company held on 2<sup>nd</sup> September, 2013.

Mr. Satish Chandra Jain was appointed as an Alternate Director to Mr. Luca Buonerba w.e.f. 31<sup>st</sup> July, 2013. He ceased to be a Director of the Company effective 3<sup>rd</sup> September, 2013 upon arrival of Mr. Luca Buonerba, Original Director to the state of Goa. He was again appointed as an Alternate Director to Mr. Luca Buonerba w.e.f. 4<sup>th</sup> September, 2013. He resigned as an Alternate Director to Mr. Luca Buonerba w.e.f. 30<sup>th</sup> December, 2013.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Premal Kapadia and Mr. M. A. Sundaram, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

Brief resumes of Directors seeking 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 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.

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

A certificate from the Chief Executive Officer (CEO) cum Manager and the Finance Head 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, 2014 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, 2013 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**

The Statutory Auditors of the company M/s B S R & Co. LLP, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Accordingly, approval of the members to the appointment of M/s B S R & Co. LLP, Chartered Accountants as the Auditors of the Company is being sought at the ensuing Annual General Meeting.

#### **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, have 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, 2013. The due date for filing the Cost Audit Report for the year ended 31st December, 2013 is 29<sup>th</sup> June, 2014 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.



**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 the 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 12, 2014

**VINAY CHOPRA**  
DIRECTOR



## **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 31<sup>st</sup> December, 2013.

There was no employee for the year ended 31<sup>st</sup> December, 2013 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 NACL-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 12, 2014

**VINAY CHOPRA**  
DIRECTOR



## **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. 362.19 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 2013 & looks forward to continue to develop this biz segment in 2014 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 CONTROLS**

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. 373.87 millions and the Profit after Tax of Rs. 47.75 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.

#### **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).

#### 1. Board of Directors

##### (A) Composition of the Board as on 31-12-2013

The Board consists of two Executive Directors and five Non-Executive Directors, out of which three are Independent Directors. The Company has a Non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-executive Directors is more than 50% of the total number of Directors.

Directors	Category	Attendance Particulars		No. of Other Directorship	Committee Memberships in other companies	
		Board Meeting	Last AGM		Chairman	Membership
Mr. P. N. Kapadia	Chairman, Non-executive and Independent Director	1	No	4	-	2
Mr. S. C. Jain	Managing Director (upto 15-07-13)	2	Yes	-	-	-
Mr. Luca Buonerba	Non-executive Director	(3 + 1*)	No	-	-	-
Mr. Ravi Menezes	Executive Director	1	No	-	-	-
Mr. Vinay Chopra	Executive Director	4	Yes	-	-	-
Mr. M.A. Sundaram	Non-executive and Independent Director	5	Yes	-	-	-
Mr. Krishan Khanna	Non-executive Director	2	Yes	-	-	-
Mr. R. V. N. P. R. Sardesai	Non-executive and Independent Director	5	Yes	-	-	-

Mr. Luca Buonerba joined via Video/teleconference for 1 Audit Committee and 1 Board Meeting.

### Changes during the year in the Composition of the Board of Directors

During the year Mr. S. C. Jain, the Managing Director of the Company retired with effect from 15<sup>th</sup> July, 2013.

Mr. Angelo Ferrari & Mr. Giuseppe Cambareri resigned from the Directorship of the Company with effect from 9<sup>th</sup> May, 2013 and Mr. Vinay Chopra, Mr. Ravi Menezes, Mr. Krishan Khanna and Mr. R. V. N. P. R. Sardesai were inducted on the Board with effect from 9<sup>th</sup> May, 2013.

Mr. Vinay Chopra was appointed as the Manager of the Company with effect from 16<sup>th</sup> July, 2013.

Mr. S. C. Jain was appointed as Alternate Director to Mr. Luca Buonerba with effect from 31<sup>st</sup> July, 2013. However, he resigned from the Alternate Directorship with effect from 30<sup>th</sup> December, 2013.

\* Meetings attended by Mr. S. C. Jain as Alternate Director to Mr. Luca Buonerba

#### Note:

- Directorship and Committee Membership/Chairmanship in foreign companies, private limited companies and companies registered under Section 25 of the Companies Act, 1956 are excluded.
- The above information includes Chairmanship/Membership in Audit Committee and Shareholders' Grievances Committee of public limited companies whether listed or not.
- Membership of Committees includes Chairmanship also.





**(B) 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. Sardesai	65,000	-	65,000
Mr. M.A. Sundaram	65,000	-	65,000
Mr. S. C. Jain (as alternate director to Mr. Luca Buonerba)	10,000	-	10,000
Mr. Krishan Khanna	10,000	-	10,000
Mr. Luca Buonerba	20,000	-	20,000

- 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 2013, except as stated above.
- Except Mr. P. N. Kapadia who holds 57000 equity shares as at 31<sup>st</sup> December, 2013, no other Director of the Company is holding any shares of the Company.

**Remuneration to Managing Director**

Particulars	Amount in Rs.
Salary	7,00,258
Perquisites	
- Medical Reimbursement	2,03,667
- House Rent	1,19,000
- Leave Encashment	-
Performance related bonus	-
<b>Total</b>	<b>10,22,925</b>
Company's contribution to funds	
- Provident Fund	84,031
- Superannuation Fund	1,05,038

**Remuneration to Manager**

Particulars	Amount in Rs.
Salary	5,89,722
Perquisites	
- Medical Reimbursement	16,685
- Leave Encashment	-
Performance related bonus	10,00,000
<b>Total</b>	<b>16,06,407</b>
Company's contribution to funds	
- Provident Fund	78,048
- Superannuation Fund	97,560

**Remuneration to other Director**

Particulars	Amount in Rs.
Salary	7,64,828
Perquisites	
- Medical Reimbursement	10,860
- Leave Encashment	-
Performance related bonus	-
<b>Total</b>	<b>7,75,688</b>
Company's contribution to funds	
- Provident Fund	45,944
- Superannuation Fund	57,424

- The Managing Director of the Company retired with effect from 15-07-2013.
- The Manager was appointed with effect from 16-07-2013 for a period of 3 years in the 24th Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat.
- Mr. Ravi Menezes, other Director was inducted on Board on 09<sup>th</sup> May, 2013.
- The performance related bonus is computed on the basis of the performance of the Managing Director/ Manager, achievement of targets by the Company and the overall De Nora Group's performance during the year and is decided by the Board.
- The Company does not have any Stock Option Scheme.

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

The Board held five meetings during the year 2013 on 21<sup>st</sup> February, 2013, 09<sup>th</sup> May, 2013, 31<sup>st</sup> July, 2013, 3<sup>rd</sup> September, 2013 and 29<sup>th</sup> October, 2013. 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 was made available to the Board of Directors.

No Director holds membership of more than 10 Committees of Boards nor is any Director, Chairman of more than 5 Committees of Boards.

**(D) Code of Conduct**

The Company has formulated the code of conduct for Directors and senior management. 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. 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.

**2. Audit Committee**

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement and in compliance with 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. All the members of the Committee are financially literate and the Chairman Mr. M. A. Sundaram has vast experience on financial & business matters. The Audit Committee as on 31<sup>st</sup> December, 2013 comprised of three Directors as under:

- Mr. M.A. Sundaram – Independent, Non-Executive – Chairman



- Mr. Luca Buonerba or his Alternate Director during his absence – Non-Executive – Member
- Mr. R. V. N. P. R. Sardesai – Independent, Non-Executive – Member

The Committee met 4 times during the year on 21-02-2013, 09-05-2013, 31-07-2013 and 29-10-2013.

In the absence of Mr. Luca Buonerba, his Alternate Director Mr. S. C. Jain, attended 1 meeting and Mr. Luca Buonerba attended 1 meeting and was granted leave of absence for 1 meeting. Mr. M. A. Sundaram and Mr. R. V. N. P. R. Sardesai attended all the 4 meetings during the year. Mr. Vinay Chopra, Manager is a permanent invitee who along with the representatives of Statutory and Internal Auditors of the Company and the Head of Finance & Accounts 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 Clause 49 II (C) and (D) of the Listing Agreement.

### 3. Remuneration Committee (Non-Mandatory)

The Company has a Remuneration Committee comprising of 4 Non-Executive Directors out of which three are Independent Directors. The composition of the Committee as on 31<sup>st</sup> December, 2013 was as follows:

- Mr. M. A. Sundaram – Independent, Non-Executive – Chairman
- Mr. R. V. N. P. R. Sardesai – Independent, Non-Executive – Member
- Mr. P. N. Kapadia – Independent, Non-Executive – Member
- Mr. Luca Buonerba – Non-Executive – Member

The Committee met twice during the year on 21-02-2013 and 09-05-2013.

Mr. M. A. Sundaram, Mr. Luca Buonerba and Mr. R. V. N. P. R. Sardesai attended all the meetings held during the year whereas Mr. P. N. Kapadia attended 1 meeting of the Remuneration Committee.

The terms of reference of the Remuneration Committee are as under:

- To decide and approve the remuneration package of the Manager/Managing Director of the Company.

### 5. 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
2010	Registered office	20-05-2011	11.00 a.m.	Nil	Nil
2011	Registered office	28-06-2012	11.00 a.m.	Nil	Nil
2012	Registered office	08-05-2013	11.00 a.m.	Nil	Appointment of the Manager, Mr. Vinay Chopra

### 4. Shareholders' Grievance Committee

The Board has constituted a Shareholders' Grievance Committee comprising of the following Directors as on 31<sup>st</sup> December, 2013:

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

\*Mr. S. C. Jain, Director of the Company ceased to be a member of the Shareholder's Grievance Committee due to his retirement from the post of Managing Director with effect from 15<sup>th</sup> July, 2013.

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 21-02-2013 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 Bandodkar – 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)

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL. There were no complaints pending as on 31<sup>st</sup> December, 2013.

16 requests for 2327 equity shares were received for Share Transfers and 26 requests for 3536 equity shares for dematerialisation were received during the year. The number of pending Share Transfers and requests for dematerialisation as on 31-12-2013 were NIL.





#### **Extra Ordinary General Meeting**

During the year the company held an Extra Ordinary General Meeting on 02<sup>nd</sup> September, 2013.

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.

#### **6. Subsidiary Companies**

The Company does not have any subsidiary company.

#### **7. Disclosures**

##### **Related Party Transactions:**

There are 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 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 2013.

##### **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 Clause 49(IV) (F) of the Listing Agreement.

#### **8. Means of Communication**

All material information about the Company was promptly sent through facsimile/e-mail to the National Stock Exchange where the company's shares are listed. Quarterly and Half-Yearly Financial Results are sent to the exchange for the information of the shareholders and are normally published in Business Standard and Tarun Bharat. 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)).

#### **9. General Shareholder Information**

##### **Annual General Meeting**

- Date and time                      Wednesday, May 14, 2014 at 11.00 a.m.

- Venue                                      Regd. Office –  
Plot Nos. 184, 185 & 189  
Kundaim Industrial Estate  
Kundaim – 403 115, Goa.

##### **Financial Calendar (tentative)**

**1<sup>st</sup> January, 2014 –  
31<sup>st</sup> December, 2014**

Results for quarter ending  
March 31, 2014                      Mid May, 2014

Results for quarter ending  
June 30, 2014                      Mid August, 2014

Results for quarter ending  
September 30, 2014                      Mid November, 2014

Results for quarter ending  
December 31, 2014                      Mid February, 2015

Or

Audited Annual Results for  
year ending  
December 31, 2014                      End February, 2015

**Date of Book Closure**                      10-05-2014 – 14-05-2014  
(both days inclusive)

**Dividend Payment Date**                      On or after the AGM on  
May 14, 2014

##### **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-13	269.35	227.35	229.60	6111.80	5935.20	6034.75
Feb-13	243.40	188.45	188.55	6052.95	5671.90	5693.05
Mar-13	194.25	144.05	153.90	5971.20	5604.85	5682.55
Apr-13	165.00	146.30	165.00	5962.30	5477.20	5930.20
May-13	164.00	136.00	140.00	6229.45	5910.95	5985.95
Jun-13	143.10	118.25	122.25	6011.00	5566.25	5842.20
Jul-13	126.00	114.55	125.00	6093.35	5675.75	5742.00
Aug-13	110.10	90.25	93.00	5808.50	5118.85	5471.80
Sept-13	108.00	86.50	100.00	6142.50	5318.90	5735.30
Oct-13	110.00	96.00	105.00	6309.05	5700.95	6299.15
Nov-13	130.00	99.30	120.00	6342.95	5972.45	6176.10
Dec-13	143.50	110.00	143.50	6415.25	6129.95	6304.00

**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. 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, 2013**

Category (No. of Shares)	No. of Share-holders	Percent-age	No. of Shares	Percent-age
Less than 500	4970	88.86	629392	11.86
501-1000	318	5.69	255798	4.82
1001-2000	158	2.82	243964	4.60
2001-3000	49	0.88	124690	2.35
3001-4000	29	0.52	102536	1.93
4001-5000	17	0.30	77739	1.46
5001-10000	27	0.48	192522	3.63
10001 and above	25	0.45	3681993	69.36
<b>TOTAL</b>	<b>5593</b>	<b>100.00</b>	<b>5308634</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON DECEMBER 31, 2013**

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHARE-HOLDING
<b>A. Shareholding of Promoter and Promoter Group</b>		
1. Indian – Individuals	246366	4.64
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	166427	3.14
b. Non-Resident Individuals/Foreign Individuals	61421	1.16
c. Individual shareholders/ Others	1977360	37.25
<b>TOTAL</b>	<b>5308634</b>	<b>100.00</b>

**Dematerialisation of Shares & Liquidity**

97.22% of the total equity share capital has been dematerialized upto December 31, 2013. The Company's Equity Shares are actively traded in NSE & BSE.

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

Nil

**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-imbursment of expenses incurred in performance of his duties, apart from the payment of sitting fees for attending Board and Committee Meetings.



**2. Remuneration Committee**

The Board has set up a Remuneration Committee details whereof are furnished at Item No. 3 of this Report.

**3. 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)).

**4. Audit Qualifications**

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

**5. Training of Board Members**

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.

**6. Mechanism for evaluating Non-Executive Board Members**

The key parameters for evaluating performance of non-executive members of the Board are contributions to the strategy for growth of the Company, setting directions for improvement in governance and participating in the relevant meetings on a regular basis. The appointment is done by the Shareholders in the Annual General Meeting of the Company.

**7. Whistle Blower Policy**

The Company had formulated a policy to provide adequate safeguards against victimization of employees 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 personal action against employees as a result of the employees' good faith disclosure of alleged wrongful conduct to Audit Committee on a matter of public concern. No personnel have been denied access 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, 2013, 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 12, 2014

## **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 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, 2013, 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, 2013;
- 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December, 2013, 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

Mumbai  
12 February, 2014

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





**Annexure to the Independent Auditors' Report –  
31 December, 2013**

*(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) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act ('the Act').
- 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 in Section 301 of the Act have been entered in the register required to be maintained under that 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 Act 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. 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, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues were in arrears as at 31 December, 2013 for a period of more than six months from the date they became payable.



- 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

- x) 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

Mumbai  
12 February, 2014

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



## BALANCE SHEET

as at 31 December, 2013  
(Currency: Indian Rupee)

	Notes	31 December, 2013	31 December, 2012
<b>EQUITY and LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	53,086,340	53,086,340
Reserves and surplus	4	306,346,627	283,720,928
		<u>359,432,967</u>	<u>336,807,268</u>
<b>Non-current liabilities</b>			
Long-term provisions	5	7,674,841	21,371,371
		<u>7,674,841</u>	<u>21,371,371</u>
<b>Current liabilities</b>			
Trade payables	6	28,788,303	36,672,932
Other current liabilities	7	35,391,061	45,101,508
Short-term provisions	8	52,939,930	62,880,771
		<u>117,119,294</u>	<u>144,655,211</u>
<b>TOTAL</b>		<u><u>484,227,102</u></u>	<u><u>502,833,850</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9A	71,639,530	64,197,199
Intangible assets	9B	669,561	400,673
Intangible fixed assets under development		8,795,474	8,795,474
		<u>81,104,565</u>	<u>73,393,346</u>
Non-current investments	10	170,000	170,000
Deferred tax assets (net)	11	16,952,538	7,736,553
Long-term loans and advances	12	22,965,248	14,569,262
Other non-current assets	13	20,157,000	-
		<u>60,244,786</u>	<u>22,475,815</u>
<b>Current assets</b>			
Current investments	14	76,433,982	152,298,541
Inventories	15	113,858,414	102,046,677
Trade receivables	16	128,860,463	92,224,541
Cash and bank balances	17	11,484,769	50,317,756
Short-term loans and advances	18	11,291,798	9,268,995
Other current assets	19	948,325	808,179
		<u>342,877,751</u>	<u>406,964,689</u>
<b>TOTAL</b>		<u><u>484,227,102</u></u>	<u><u>502,833,850</u></u>
<b>Significant accounting policies</b>			
The notes referred to above form an integral part of the financial statements	2 3-39		

As per our report of even date attached.

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

Chartered Accountants

Firm Registration No.: 101248W

For and on behalf of the Board of Directors

**Vijay Mathur**

Partner

Membership No.: 046476

**Vinay Chopra**

Director

**M. A. Sundaram**

Director

**Jyoti Bandodkar**

Company Secretary

Place : Mumbai

Date : 12 February, 2014

Place : Goa

Date : 12 February, 2014





## STATEMENT OF PROFIT AND LOSS

for the year ended 31st December, 2013  
(Currency: Indian Rupee)

	Notes	31 December, 2013	31 December, 2012
Revenue from operations (gross)	20	374,378,362	678,118,940
Less: Excise duty		<u>(11,606,485)</u>	<u>(35,575,497)</u>
Revenue from operations (net)		362,771,877	642,543,443
Other income	21	<u>11,100,261</u>	<u>14,081,576</u>
<b>Total revenue</b>		<b>373,872,138</b>	<b>656,625,019</b>
<b>Expenses</b>			
Cost of materials consumed	22	131,967,741	281,260,999
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	7,109,464	18,450,707
Employee benefits expense	24	43,939,626	40,226,037
Finance costs	25	79,478	69,440
Depreciation and amortisation	26	7,144,065	5,975,771
Other expenses	27	<u>114,457,125</u>	<u>118,003,082</u>
<b>Total expenses</b>		<b>304,697,499</b>	<b>463,986,036</b>
<b>Profit before tax for the year</b>		<b>69,174,639</b>	<b>192,638,983</b>
<b>Tax expense:</b>			
Current tax		30,633,452	61,521,026
Current tax relating to prior year		-	(1,560,211)
Deferred tax		<u>(9,215,986)</u>	<u>(392,055)</u>
<b>Total tax expense</b>		<b>21,417,466</b>	<b>59,568,760</b>
<b>Profit after tax for the year</b>		<b>47,757,173</b>	<b>133,070,223</b>
<b>Earnings per equity share [Nominal value of share Rs. 10 (previous year: Rs. 10)]</b>			
Basic and diluted	31	9.00	25.02
<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 Registration No.: 101248W

For and on behalf of the Board of Directors

**Vijay Mathur**

Partner

Membership No.: 046476

Place : Mumbai

Date : 12 February, 2014

**Vinay Chopra**

Director

**M. A. Sundaram**

Director

**Jyoti Bandodkar**

Company Secretary

Place : Goa

Date : 12 February, 2014



## CASH FLOW STATEMENT

for the year ended 31st December, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>A Cash flows from operating activities:</b>		
Net profit before tax	69,174,639	192,638,983
<b>Adjustments:</b>		
Depreciation and amortisation	7,144,065	5,975,771
Interest income	(2,944,494)	(4,452,281)
Finance cost	79,478	69,440
(Profit) on sale of assets	(13,492)	-
Unrealised foreign exchange differences	(47,498)	84,910
Bad debts write-off	8,902	1,153,057
Buyback expenses	-	354,390
Provision for doubtful debts and advance charge/(write back)	1,743,523	(1,558,783)
Dividend income	(6,065,100)	(3,200,514)
Loss on sale of investments	345,884	12,667
Provisions for warranty (net)	789,376	6,443,003
	<u>1,040,644</u>	<u>4,881,660</u>
<b>Operating cash flow before working capital changes</b>	<b>70,215,283</b>	<b>197,520,643</b>
(Increase) / decrease in trade receivables	(38,340,849)	15,865,427
(Increase) / decrease in inventories	(11,811,737)	32,341,772
Decrease in long term loans and advances	513,100	945,904
(Increase) / decrease in short term loans and advances	(2,022,803)	19,034,086
Decrease in trade payables	(7,884,630)	(25,897,509)
Increase in long term provisions	4,134,694	514,703
Increase in short term provisions	392,769	898,658
Decrease in other current liabilities	(9,710,447)	(23,415,149)
	<u>(64,729,903)</u>	<u>20,287,892</u>
Cash generated from operations	5,485,380	217,808,535
Income taxes (paid)	(50,152,363)	(44,209,290)
<b>Net cash (used in) / provided by operating activities (A)</b>	<b>(44,666,983)</b>	<b>173,599,245</b>
<b>B Cash flows from investing activities:</b>		
Purchase of fixed assets and change in capital work in progress	(14,911,367)	(7,094,840)
Proceeds from sale of fixed assets	69,575	-
Interest received	2,804,348	1,375,535
Dividend received	6,065,100	3,200,514
Purchase of investments	(65,244,820)	(192,923,879)
Proceeds from sale/redemption of investments	140,763,495	90,666,404
Maturity off/(Investment in) Bank deposits (having maturity of more than 3 months)	4,336,184	(5,440,403)
<b>Net cash provided by / (used in) investing activities (B)</b>	<b>73,882,515</b>	<b>(110,216,671)</b>



## CASH FLOW STATEMENT

for the year ended 31st December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>C Cash flow from Financing activities:</b>		
Interest paid	(79,478)	(69,440)
Dividend and distribution tax paid	(43,475,857)	(37,963,510)
Buyback of shares (including expenses)	-	(13,786,585)
<b>Net cash (used in) financing activities (C)</b>	<u>(43,555,335)</u>	<u>(51,819,535)</u>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(14,339,803)</b>	11,563,039
<b>Cash and cash equivalents as at the beginning of the year</b>	<u>25,824,572</u>	<u>14,261,533</u>
<b>Cash and cash equivalents as at the end of the year</b>	<u><u>11,484,769</u></u>	<u><u>25,824,572</u></u>

### Notes to Cash Flow Statement:

- Components of cash and cash equivalents

– Cash on hand	48,862	50,888
– Cheques on hand	110,356	-
– Balances with banks		
– in current accounts	4,966,997	24,187,544
– in EEFC account	537,809	75,762
– in earmarked account	-	-
– Unpaid dividend accounts	1,580,745	1,510,378
– in deposit accounts (with original maturity of 3 months or less)	4,240,000	-
	<u>11,484,769</u>	<u>25,824,572</u>
- The above includes an amount of Rs. 1,580,745 (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 Registration No.: 101248W

For and on behalf of the Board of Directors

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

**Vinay Chopra**  
Director

**M. A. Sundaram**  
Director

**Jyoti Bandodkar**  
Company Secretary

Place : Mumbai  
Date : 12 February, 2014

Place : Goa  
Date : 12 February, 2014



## Notes to the Financial Statements

for the year ended 31 December, 2013

(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 27th 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.

##### 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 XIV to the Act, except for existing assets of plant and machinery procured until 31 December, 2005, leasehold land and computers (including software classified as Intangible assets). For additions and disposals, depreciation is provided pro-rata for the period of use. Fixed assets individually costing up to Rs. 5,000 are depreciated fully in the year of purchase.

In respect of the existing assets of plant and machinery procured until 31 December, 2005, depreciation is charged on SLM over management's estimate of the residual useful life of the respective asset which varies from 1 to 10 years. However, in respect of these assets, the depreciation rates prescribed in Schedule XIV to the Act, are considered as the minimum rates.

Computers are depreciated over an expected benefit period of 3 years on a straight line basis.

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 basis.

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

#### **2.6 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.

#### **2.7 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.

#### **2.8 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.

#### **2.9 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.

#### **2.10 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.

#### **2.11 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.

#### **2.12 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.

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.

#### **2.13 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.

#### **2.14 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, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>3. 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, 2013		31 December, 2012	
		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, 2013, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 4 per share (previous year: Rs. 7 per share). The dividend appropriation for the year ended December 2013 amounted to Rs. 21,234,536 (previous year: Rs. 37,160,438) plus corporate dividend tax of Rs. 3,609,871 (previous year: Rs. 6,028,352).

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, 2013		31 December, 2012	
		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, 2013		31 December, 2012	
	Number	Rs.	Number	Rs.
Equity shares outstanding at the commencement of the period	5,308,634	53,086,340	5,444,085	54,440,850
Add: equity shares issued during the year	-	-	-	-
Less: equity shares bought back during the year	-	-	135,451	1,354,510
Equity shares outstanding at the end of the period	5,308,634	53,086,340	5,308,634	53,086,340

### 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 buy back of equity shares under Section 77A of the Companies Act, 1956, the Company has bought back NIL equity shares (previous year: 135,451) through open market transactions for an aggregate amount of Rs. NIL (previous year: Rs. 13,432,195). The said shares have been subsequently extinguished. Capital redemption reserve has been created by transfer of Rs. NIL (previous year: Rs. 1,354,510) from General Reserve being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.



## Notes to the Financial Statements

for the year ended 31 December, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>4. Reserves and Surplus</b>		
<b>Securities premium reserve</b>		
Balance at commencement of the year	73,607,945	85,685,630
Less: Utilised towards buy back of shares (Refer Note 3 (e))	-	12,077,685
Balance at end of the year	<u>73,607,945</u>	<u>73,607,945</u>
<b>General Reserve</b>		
Balance at commencement of the year	49,672,035	37,719,523
Add: Transfer from Surplus in Statement of profit and loss	4,775,717	13,307,022
Less: Transfer to Capital Redemption Reserve (Refer Note 3 (e))	-	1,354,510
Balance at end of the year	<u>54,447,752</u>	<u>49,672,035</u>
<b>Capital Redemption Reserve</b>		
Balance at commencement of the year	2,465,000	1,110,490
Add: Transfer from General Reserve	-	1,354,510
Balance at end of the year	<u>2,465,000</u>	<u>2,465,000</u>
<b>Surplus in Statement of profit and loss</b>		
Balance at commencement of the year	157,975,948	81,401,537
Add: Profit for the year	47,757,173	133,070,223
Less: Proposed equity dividend [amount Rs. 4 per share (previous year: Rs. 7 per share)]	21,234,536	37,160,438
Less: Tax on proposed equity dividend	3,609,871	6,028,352
Less: Short provision of tax on final dividend of previous year	287,067	-
Less: Transfer to General Reserve	4,775,717	13,307,022
	<u>175,825,930</u>	<u>157,975,948</u>
Balance at end of the year	<u>306,346,627</u>	<u>283,720,928</u>
<b>5. Long term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for leave encashment/sick leave availment	4,937,516	2,840,516
Provision for gratuity	2,483,400	445,706
<b>Other provisions</b>		
Provision for warranties (Refer Note 33)	253,925	18,085,149
	<u>7,674,841</u>	<u>21,371,371</u>
<b>6. Trade payables</b>		
Trade payables*	28,788,303	36,672,932
	<u>28,788,303</u>	<u>36,672,932</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.		





## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>7. Other current liabilities</b>		
Advances received from customers	4,014,823	6,705,593
Book overdraft	3,128,845	-
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
– Unpaid dividend	1,580,745	1,510,378
Other payables		
– Statutory dues	2,733,297	4,600,414
– Employee payables	4,677,406	6,309,774
– Accrual of expenses	18,734,933	13,248,988
– Creditors towards purchase of fixed assets	-	11,350,967
– Creditors for expenses	521,012	1,375,394
	<b>35,391,061</b>	<b>45,101,508</b>

	31 December, 2013	31 December, 2012
<b>8. Short term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	468,628	215,398
Provision for leave encashment / sick leave availment	796,902	657,365
<b>Other provisions</b>		
Provision for proposed equity dividend	21,234,536	37,160,438
Provision for dividend distribution tax on proposed equity dividend	3,609,871	6,028,352
Provision for income tax (net of advance tax)	-	10,609,825
Provision for warranties (Refer Note 33)	26,829,993	8,209,393
	<b>52,939,930</b>	<b>62,880,771</b>



## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

### 9A. Tangible fixed assets

Description of assets	Gross Block			Depreciation			Net Block		
	As at 1 January, 2013	Additions	Deletions	As at 31 December, 2013	As at 1 January, 2013	Depreciation		Deductions	
Leasehold land	1,856,520	-	-	1,856,520	708,762	19,542	-	728,304	1,128,216
	(1,856,520)	(-)	(-)	(1,856,520)	(689,166)	(19,596)	(-)	(708,762)	(1,147,758)
Office building	2,614,836	-	-	2,614,836	744,033	42,244	-	786,277	1,828,559
	(2,614,836)	(-)	(-)	(2,614,836)	(701,674)	(42,359)	(-)	(744,033)	(1,870,803)
Factory building	45,031,427	2,976,284	-	48,007,711	22,009,435	1,503,423	-	23,512,858	24,494,853
	(45,031,427)	(-)	(-)	(45,031,427)	(20,502,165)	(1,507,270)	(-)	(22,009,435)	(23,021,992)
Plant and machinery	92,437,803	7,496,834	-	99,934,637	62,803,851	4,011,543	-	66,815,394	33,119,243
	(82,938,332)	(9,499,471)	-	(92,437,803)	(59,570,134)	(3,233,717)	-	(62,803,851)	(29,633,952)
Furniture and fixtures	6,983,948	770,354	175,397	7,578,905	6,014,380	134,065	164,346	5,984,099	1,594,806
	(6,624,154)	(359,794)	(-)	(6,983,948)	(5,886,101)	(128,279)	(-)	(6,014,380)	(969,568)
Vehicles	4,109,403	1,782,500	840,802	5,051,101	2,627,022	457,236	795,770	2,288,488	2,762,613
	(4,109,403)	-	(-)	(4,109,403)	(2,157,782)	(469,240)	(-)	(2,627,022)	(1,482,381)
Office equipments	6,441,205	339,848	16,160	6,764,893	968,337	304,625	16,160	1,256,802	5,508,091
	(2,948,796)	(3,492,409)	-	(6,441,205)	(823,717)	(144,620)	-	(968,337)	(5,472,868)
Computers	4,155,835	981,689	-	5,137,524	3,557,958	376,417	-	3,934,375	1,203,149
	(3,724,764)	(431,071)	(-)	(4,155,835)	(3,401,538)	(156,420)	(-)	(3,557,958)	(597,877)
<b>Total</b>	<b>163,630,977</b>	<b>14,347,509</b>	<b>1,032,359</b>	<b>176,946,127</b>	<b>99,433,778</b>	<b>6,849,095</b>	<b>976,276</b>	<b>105,306,597</b>	<b>71,639,530</b>
	(149,848,232)	(13,782,745)	-	(163,630,977)	(93,732,277)	(5,701,501)	-	(99,433,778)	(64,197,199)

### 9B. Intangible fixed assets

Description of assets	Gross Block			Amortisation			Net Block		
	As at 1 January, 2013	Additions	Deletions	As at 31 December, 2013	As at 1 January, 2013	Amortisation		Deductions	
Software	850,288	563,858	-	1,414,146	449,615	294,970	-	744,585	669,561
	(841,100)	(9,188)	(-)	(850,288)	(175,345)	(274,270)	(-)	(449,615)	(400,673)
<b>Total</b>	<b>850,288</b>	<b>563,858</b>	<b>-</b>	<b>1,414,146</b>	<b>449,615</b>	<b>294,970</b>	<b>-</b>	<b>744,585</b>	<b>669,561</b>
	(841,100)	(9,188)	(-)	(850,288)	(175,345)	(274,270)	(-)	(449,615)	(400,673)

Note: Figures in brackets and italics pertain to the previous year.



## Notes to the Financial Statements

for the year ended 31 December, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<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	1,291,100	1,733,900
<b>11. Deferred tax assets (net)</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
<i>Deferred tax assets</i>		
– in respect of provision for warranty / recoating / others	12,604,824	5,203,899
– in respect of provision for doubtful debts and advances	1,987,346	1,547,926
– in respect of provision for inventory obsolescence	6,958,086	7,116,568
– in respect of gratuity provision	1,003,394	214,495
– in respect of technical know-how amortisation	10,837	12,807
– in respect of provision for leave encashment / availment	1,953,796	1,134,888
<b>Total Deferred tax assets</b>	<u>24,518,283</u>	<u>15,230,583</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	7,565,745	7,494,030
	<u>7,565,745</u>	<u>7,494,030</u>
	<u>16,952,538</u>	<u>7,736,553</u>
<b>12. Long-term loans and advances</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Advances for supply of goods and services	1,351,790	2,019,381
Less: Provision for doubtful advances	1,351,790	2,019,381
	-	-
<b>Unsecured, considered good</b>		
Security deposits	-	513,100
Advance income tax (net of provision for tax)	22,965,248	14,056,162
	<u>22,965,248</u>	<u>14,569,262</u>
<b>13. Other non-current assets</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Bank deposits (due to mature after 12 months from the reporting date)	20,157,000	-
	<u>20,157,000</u>	<u>-</u>



## Notes to the Financial Statements

for the year ended 31 December, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>14. Current investments</b>		
<i>(Valued at lower of cost and fair value)</i>		
Investments in mutual funds - unquoted		
5,254,719.899 (previous year 10,506,751.584) units of HDFC Cash Management Fund - Savings Plan - Daily dividend reinvestment	55,891,288	111,754,013
952,349.567 (previous year 3,980,297.527) unit of HDFC Short Term Opportunities Fund dividend payout	9,618,921	39,964,973
10,827.814 (previous year 574.315) units in Tata Floater Fund Plan A - Weekly Dividend payout	10,923,773	579,555
	<u>76,433,982</u>	<u>152,298,541</u>
Aggregate amount of unquoted investment	76,433,982	152,298,541
Aggregate write-down due to valuation of current investment at fair value	346,052	35,027
<b>15. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	88,957,738	70,486,980
[including goods-in-transit Rs. 1,313,247 (previous year: Rs. 14,886,845)]		
Work-in-progress	8,589,786	15,502,520
Finished goods	11,829,939	12,026,670
Stores and spares	4,480,951	4,030,507
	<u>113,858,414</u>	<u>102,046,677</u>
<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:	39,200,266	3,808,604
(b) Doubtful:	4,489,436	2,685,491
Less: Provision for doubtful receivables	<u>(4,489,436)</u>	<u>(2,685,491)</u>
(A)	39,200,266	3,808,604
Other receivables		
(a) Secured, Considered good:	-	-
(b) Unsecured, Considered good:	89,660,197	88,415,937
(c) Doubtful:	5,629	66,051
Less: Provision for doubtful receivables	<u>(5,629)</u>	<u>(66,051)</u>
(B)	89,660,197	88,415,937
(A) + (B)	<u>128,860,463</u>	<u>92,224,541</u>



## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>17. Cash and bank balances</b>		
Cash and cash equivalents		
– Cash on hand	48,862	50,888
– Cheques on hand	110,356	-
– Balances with banks		
– in current accounts	4,966,997	24,187,544
– in EEFC account	537,809	75,762
– in earmarked account		
– Unpaid dividend accounts	1,580,745	1,510,378
– in deposit accounts (with original maturity of 3 months or less)	4,240,000	-
	<u>11,484,769</u>	<u>25,824,572</u>
Other bank balances		
– In deposits accounts with original maturity of more than three months but less than twelve months	-	24,493,184
	<u>11,484,769</u>	<u>50,317,756</u>
<b>18. Short-term loans and advances</b> <i>(unsecured, considered good)</i>		
Loans and advances to staff	1,065,894	609,313
Advance for supply of goods and services	2,398,595	1,801,076
Security deposits	1,872,369	1,436,069
Prepaid expenses	1,731,112	1,570,537
Balance with indirect tax authorities	4,223,828	3,852,000
	<u>11,291,798</u>	<u>9,268,995</u>
<b>19. Other current assets</b> <i>(unsecured, considered good)</i>		
Interest accrued on fixed deposits with banks	948,325	808,179
	<u>948,325</u>	<u>808,179</u>



## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>20. Revenue from operations (gross)</b>		
Sale of products		
– Finished goods	150,235,449	472,601,902
– Traded goods	3,387,077	5,016,356
Sales of services		
– Recoating	217,189,235	197,959,461
– Annual maintenance charges	2,992,196	735,700
Other operating revenue		
– Scrap sales	574,405	1,805,521
	<u>374,378,362</u>	<u>678,118,940</u>
<b>Break-up of revenue from sale of finished goods and traded goods</b>		
Coated metal anodes	30,785,818	224,597,954
Electrochlorinators	57,962,600	69,704,379
Cathodic Protection (anti corrosion) Systems	50,169,343	91,239,703
Contract revenue	14,704,765	92,076,222
	<u>153,622,526</u>	<u>477,618,258</u>
<b>21. Other income</b>		
Dividend income from current investments	6,022,100	3,166,514
Dividend income from non-current investments	43,000	34,000
Interest income		
– on bank deposits	1,753,161	1,340,470
– on loans to employees	76,011	27,316
– on income tax refund/others	1,115,322	3,084,495
Net gain on account of foreign exchange fluctuations	-	522,980
Net profit on sale of fixed assets	13,492	-
Deputation charges	1,512,872	1,111,110
Writeback of provision for doubtful debts (net)	-	2,910,573
Miscellaneous income	564,303	1,884,118
	<u>11,100,261</u>	<u>14,081,576</u>
<b>22. Cost of materials consumed</b>		
Opening stock	70,486,980	85,346,134
Purchases	150,438,499	266,401,845
Closing stock	88,957,738	70,486,980
	<u>131,967,741</u>	<u>281,260,999</u>
<b>Break-up of material consumed</b>		
Chemicals	67,699,210	93,535,038
Titanium metal	6,000,653	40,570,828
Canisters/strings/strips/cables	3,867,600	10,965,959
Components for electrochlorinators	21,226,545	17,160,280
Components for Projects	21,910,744	71,499,209
Others	11,262,989	47,529,685
	<u>131,967,741</u>	<u>281,260,999</u>



## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<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	(11,829,940)	(12,026,670)
Work-in-progress	(8,589,786)	(15,502,520)
Sub-total	<u>(20,419,726)</u>	<u>(27,529,190)</u>
<u>Inventories at the beginning of the year:</u>		
Finished goods	12,026,670	6,314,486
Work-in-progress	15,502,520	39,665,411
Sub-total	<u>27,529,190</u>	<u>45,979,897</u>
<b>Net (increase) / decrease</b>	<u>7,109,464</u>	<u>18,450,707</u>
<b>Break-up of inventories</b>		
<b>Finished goods</b>		
Coated metal anodes	6,446,810	4,078,804
Electrochlorinators	3,872,502	2,833,237
Cathodic protection (anti corrosion) systems	1,510,628	5,114,629
	<u>11,829,940</u>	<u>12,026,670</u>
<b>Work-in-progress</b>		
Anodes / Cathodes	3,539,799	8,162,940
Cathodic Protection Systems	1,505,132	2,435,784
Electrochlorinators	3,544,855	4,903,796
	<u>8,589,786</u>	<u>15,502,520</u>
<b>24. Employee benefits expense</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Salaries, wages and bonus	32,464,573	31,741,687
Contribution to provident and other funds (refer note 34)	5,422,436	3,963,677
Compensated absences	1,816,036	676,799
Staff welfare expenses	4,236,581	3,843,874
	<u>43,939,626</u>	<u>40,226,037</u>
<b>25. Finance costs</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Interest expenses	79,478	69,440
	<u>79,478</u>	<u>69,440</u>
<b>26. Depreciation and amortisation</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Depreciation on tangible fixed assets	6,849,095	5,701,501
Amortisation on intangible fixed assets	294,970	274,270
	<u>7,144,065</u>	<u>5,975,771</u>
<b>27. Other expenses</b>	<b>31 December, 2013</b>	<b>31 December, 2012</b>
Consumption of stores and spare parts	7,885,421	14,291,155
Consumption of packing material	173,432	311,402
Job work and labour charges	9,223,956	9,927,263
Installation, commissioning and repair cost of electrochlorinators	3,445,290	2,870,111
Power, fuel and water	5,582,445	5,446,086
Freight and forwarding	931,487	2,408,758
Rent	166,500	352,000





## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
Repairs and maintenance		
– Building	1,767,601	1,851,563
– Machinery	1,642,411	1,107,031
– Others	1,078,663	773,967
Insurance	2,211,171	2,223,190
Rates and taxes	229,433	221,233
Travelling expenses	11,594,103	11,865,674
Legal and professional fees	26,128,358	21,057,358
Auditors' remuneration (refer note below)	1,000,960	894,230
Commission and discount	9,692,626	7,875,219
Advertising and sales promotion	1,358,280	1,568,644
Bank charges	3,299,235	2,363,303
Telephone and other communication expenses	1,804,462	948,187
Printing and stationery	932,694	855,624
Provision for warranty (net)	789,376	6,443,003
Bad debts written off	8,902	1,153,057
Provision for doubtful advances	1,743,523	1,351,790
Net loss on account of foreign exchange fluctuations	4,321,335	-
Net loss on sale of current investments	345,884	12,667
Donation	17,801	25,611
Royalty	10,889,913	13,763,047
Miscellaneous expenses	6,191,863	6,041,909
	<b>114,457,125</b>	<b>118,003,082</b>
<b>Note: Auditors' remuneration</b>		
As Auditor		
Statutory audit	275,000	255,000
Tax accounts	150,000	125,000
Limited review of quarterly results	450,000	375,000
Reimbursement of expenses	125,960	139,230
	<b>1,000,960</b>	<b>894,230</b>

Remuneration to auditor does not include Rs. 962,180 (previous year Rs. 900,000) in respect of statutory audit, group audit under IFRS, etc. to be borne by Ultimate Holding Company.

	31 December, 2013	31 December, 2012
<b>28. Contingent liabilities</b>		
<i>Claims in respect of:</i>		
Excise matters	1,467,590	1,467,590

	31 December, 2013	31 December, 2012
<b>29. Capital and other commitments</b>		
Bank guarantees given by Company comprise of the following:		
– Against product performance	91,838,726	88,698,305
– Against export commitments to customs authorities	646,938	646,938
– Against others	975,000	1,275,000





## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

### 30. Related party transactions

#### a) *Parties where control exists*

Name of related party	Relationship
Oronzio De Nora International B.V.	Holding Company (holds 53.68% of the equity share capital as at 31 December, 2013)
Industrie De Nora S.p.A.	Ultimate Holding Company ('UHC')

#### b) *Other related parties with whom transactions have taken place during the year*

Name of related party	Relationship
i) Industrie De Nora S.p.A., Singapore De Nora Elettrodi (Suzhou) Ltd. De Nora Tech Inc. Chlorine Engineers Corporation Limited 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) S.C. Jain (Managing Director)	Key Management Personnel ('KMP') (from 16 July, 2013) Key Management Personnel ('KMP') (till 15 July, 2013)

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

Transactions	UHC	EUCC	FS	KMP	Total
Purchase of raw materials, trading goods and spares	934,917	2,082,667	758,175	-	3,775,759
	(14,673,347)	(17,347,347)	(2,684,223)	(0)	(34,704,917)
Commission paid	90,644	-	-	-	90,644
	(80,975)	(0)	(0)	(0)	(80,975)
Purchase of services	23,916,240	-	-	-	23,916,240
	(16,832,735)	(0)	(0)	(0)	(16,832,735)
Purchase of intangible assets	-	-	-	-	-
	(8,795,474)	(0)	(0)	(0)	(8,795,474)
Payment of Royalty	10,889,913	-	-	-	10,889,913
	(13,763,047)	(0)	(0)	(0)	(13,763,047)
Reimbursement of expenses	623,066	-	155,374	-	778,440
	(500,315)	(96,669)	(0)	(0)	(596,984)
Sale of goods and services	-	2,907,092	3,445,425	-	6,352,517
	(2,265,416)	(696,576)	(1,592,093)	(0)	(4,554,085)
Recovery of expenses	-	1,472,420	-	-	1,472,420
	(0)	(1,302,911)	(0)	(0)	(1,302,911)
Dividends paid	19,946,500	-	-	-	19,946,500
	(17,097,000)	(0)	(0)	(0)	(17,097,000)
Remuneration*	-	-	-	2,906,205	2,906,205
	(0)	(0)	(0)	(3,819,304)	(3,819,304)
Balance outstanding as on 31 December, 2013					
– Receivables	-	19,146	2,092,617	-	2,111,763
	(0)	(274,237)	(0)	-	(274,237)
– Payables	17,524,793	-	-	-	17,524,793
	(28,381,520)	(10,886,715)	(478,762)	(0)	(39,746,997)

\*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.



## Notes to the Financial Statements

for the year ended 31 December, 2013

(Currency: Indian Rupee)

d) <i>Name of the parties having related party transactions in excess of 10% in line transactions</i>			
Name of the related party	Transactions	31 December, 2013	31 December, 2012
Industrie De Nora S.p.A.	Purchase of raw materials, trading goods and spares	934,917	14,673,347
De Nora Deutschland GmbH	Purchase of raw materials, trading goods and spares	758,175	2,684,223
De Nora Elettrodi (Suzhou)	Purchase of raw materials, trading goods and spares	721,334	4,091,699
De Nora Tech	Purchase of raw materials, trading goods and spares	1,361,333	2,368,933
Chlorine Engineers Corporation Limited	Purchase of raw materials, trading goods and spares	-	10,886,715
Industrie De Nora S.p.A.	Payment of Commission	90,644	80,975
Industrie De Nora S.p.A.	Purchase of services	23,916,240	16,832,735
De Nora Elettrodi (Suzhou)	Purchase of services	-	96,669
Industrie De Nora S.p.A.	Purchase of intangible assets	-	8,795,474
Industrie De Nora S.p.A.	Payment of Royalty	10,889,913	13,763,047
Industrie De Nora S.p.A.	Reimbursement of expenses	623,066	500,315
De Nora Deutschland GmbH	Reimbursement of expenses	155,374	-
De Nora Deutschland GmbH	Sale of goods and services	3,445,425	1,592,093
Industrie De Nora S.p.A.	Sale of goods and services	2,888,216	2,961,992
De Nora Elettrodi (Suzhou)	Recovery of expenses	1,472,420	1,111,110
Chlorine Engineers Corporation Limited	Recovery of expenses	-	191,801
Oronzio De Nora International B.V.	Dividends paid	19,946,500	17,097,000
S.C. Jain (Managing Director)	Remuneration paid to Key Managerial Personnel	1,211,994	3,819,304
Vinay Chopra (Manager)	Remuneration paid to Key Managerial Personnel	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.

	31 December, 2013	31 December, 2012
Weighted average number of equity shares outstanding	5,308,634	5,319,002
Net profit after tax available for equity shareholders	47,757,173	133,070,223
Basic and diluted earnings per equity share of Rs. 10 each	9.00	25.02

### 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, 2013  
(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, 2013	31 December, 2012
Opening carrying amount	26,294,542	5,606,390
Additional provisions made during the year	1,641,882	21,804,193
Unused amounts reversed during the year	852,506	1,116,041
Closing carrying amount	27,083,918	26,294,542

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. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. 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. 3,131,512 (previous year Rs. 2,950,329) has been charged to the revenue account in this respect, comprising of the following:

	31 December, 2013	31 December, 2012
Provident Fund	1,494,948	1,352,332
Family Pension Fund	492,341	489,705
Superannuation Fund	1,144,223	1,108,292
<b>Total</b>	<b>3,131,512</b>	<b>2,950,329</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, 2013

(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<i>i. Reconciliation of opening and closing balance of obligation</i>		
Liability at the beginning of the year	8,587,636	7,126,160
Current service cost	481,282	396,931
Interest cost	670,421	630,609
Benefits paid	(1,584,231)	(208,316)
Actuarial (gain)/loss on obligations	1,781,318	642,252
Liability at the end of the year	<u>9,936,426</u>	<u>8,587,636</u>
<i>ii. Reconciliation of opening and closing balance of fair value of plan assets</i>		
Fair value of plan assets at the beginning of the year	7,926,532	7,078,404
Expected return on plan assets	642,097	645,682
Contributions by the employer	-	400,000
Benefits paid	(1,584,231)	(208,316)
Actuarial gain/(loss) on plan assets	-	10,762
Fair value of plan assets at the end of the year	<u>6,984,398</u>	<u>7,926,531</u>

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.

	31 December, 2013	31 December, 2012
<i>iii. Expenses recognised on defined benefit plan in the profit and loss account</i>		
Current service cost	481,282	396,931
Interest expense	670,421	630,609
Expected return on investment	(642,097)	(645,682)
Net actuarial (gain)/loss	1,781,318	631,491
Expenses/(income) recognised in the profit and loss account	<u>2,290,924</u>	<u>1,013,349</u>
<i>iv. Amount recognised on defined benefit plan in the Balance sheet</i>		
Present value of the commitment	9,936,426	8,587,636
Fair value of plan assets	6,984,398	7,926,532
Net liability/(asset) recognised in the balance sheet	<u>2,952,028</u>	<u>661,104</u>
<i>v. Actual return on plan assets</i>		
Expected return on plan assets	642,097	645,682
Actual return on plan assets	642,097	645,682
<i>vi. Principal actuarial assumptions</i>		
Discount rate	9%	8.10%
Expected rate of return on plan assets	9%	9%
Salary increment rate	8%	5%
Mortality rates	LIC 1994-96 Ultimate table	LIC 1994-96 Ultimate table

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, 2013	31 December, 2012	31 December, 2011	31 December, 2010	31 December, 2009
Fair value of Plan Assets, End of Period	6,984,398	7,926,531	7,078,404	5,912,000	4,187,280
Projected Benefit Obligation, End of Period	9,936,426	8,587,636	7,126,160	6,509,742	5,536,162
(Surplus)/Deficit in the Plan	2,952,028	661,104	47,756	597,742	1,348,882
Experience Adjustments on Plan Assets	-	10,761	-	-	-
(Gains)/losses due to change in Assumptions	1,015,477	140,685	(149,643)	(146,441)	348,350
Experience (Gains)/Losses on PBO	765,841	501,567	428,046	351,373	235,552
Total (Gain)/Loss	1,781,318	642,252	278,403	204,932	583,872



## Notes to the Financial Statements

for the year ended 31 December, 2013  
(Currency: Indian Rupee)

	31 December, 2013	31 December, 2012
<b>35. Transactions in foreign currency</b>		
<b>a) Earnings in foreign currency (on accrual basis)</b>		
Value of exports on a Free On Board ('FOB') basis	9,063,392	26,261,177
Recovery of charges	1,472,420	1,302,911
	<u>10,535,812</u>	<u>27,564,088</u>
<b>b) Expenditure in foreign currency (on accrual basis)</b>		
Travelling expenses	951,161	724,271
Purchase of services	23,916,240	16,832,735
Royalty	10,889,913	13,763,047
Reimbursement of expenses	778,440	3,899,967
Commission	90,644	95,371
	<u>36,626,398</u>	<u>35,315,391</u>
<b>c) Remittance of dividend in foreign currency</b>		
Amount remitted in foreign currency	19,946,500	17,097,000
Dividend for the year ended	31-Dec-12	31-Dec-11
Number of non-resident share holders	1	1
Number of shares held	2,849,500	2,849,500
<b>d) Value of imports on Cost, Insurance and Freight ('CIF') basis</b>		
Raw material	107,505,431	130,246,382
Capital goods	-	8,481,616
	<u>107,505,431</u>	<u>138,727,998</u>

**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, 2013		31 December, 2012	
	Rs.	Euros (€)	Rs.	Euros (€)
<b>i. Amounts denominated in Euros</b>				
Receivables	3,469,813	41,043	1,101,222	15,357
Payables	17,524,793	207,254	28,566,698	391,009
<b>ii. Amounts denominated in US Dollars ('USD')</b>	Rs.	JPY	Rs.	JPY
Payable towards import of goods and services	-	-	10,886,715	17,100,000



## Notes to the Financial Statements

for the year ended 31 December, 2013

(Currency: Indian Rupee)

### 36. Consumption of imported and indigenous raw material and components

	31 December, 2013		31 December, 2012	
	Value (Rs.)	% of total consumption	Value (Rs.)	% of total consumption
<i>Raw material</i>				
Imported	85,804,837	65	51,482,204	18
Indigenous	46,162,904	35	229,778,795	82
	<u>131,967,741</u>	<u>100</u>	<u>281,260,999</u>	<u>100</u>
<i>Stores and spares</i>				
Imported	-	-	-	-
Indigenous	7,885,421	100	14,291,155	100
	<u>7,885,421</u>	<u>100</u>	<u>14,291,155</u>	<u>100</u>

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

	31 December, 2013	31 December, 2012
a) Contract revenue (net of excise)	14,704,765	92,076,222
b) Disclosure for contracts in progress:		
i) Aggregate amount of costs incurred	20,910,745	74,059,713
ii) Recognized profits (net of recognized losses)	(6,205,980)	18,016,509
iii) Retention money	21,425,743	-
c) Gross amount due from customers for contract work	22,437,214	13,472,782
d) Gross amount due to vendors for contract work	2,300,000	1,979,913

### 38. Taxation

- a) The tax year for the Company being the year ending 31 March, 2014, the ultimate tax liability will be determined on the basis of the results for the period 1 April, 2013 to 31 March, 2014.
- 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, 2013. 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, 2013. Management believes that the company's international transactions with associated enterprises post 31 March, 2013 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
Trade Payables	Provision for warranty - Long term	14,245,149

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

Chartered Accountants

Firm Registration No.: 101248W

For and on behalf of the Board of Directors

**Vijay Mathur**

Partner

Membership No.: 046476

**Vinay Chopra**

Director

**M. A. Sundaram**

Director

**Jyoti Bandodkar**

Company Secretary

Place : Mumbai

Date : 12 February, 2014

Place : Kundaim, Goa

Date : 12 February, 2014





# DE NORA INDIA LIMITED

CIN-L31200GA1993PLC001335

## ATTENDANCE SLIP

(To be presented at the entrance)

25<sup>th</sup> ANNUAL GENERAL MEETING on May 14, 2014 at 11.00 A.M.

at Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim – 403 115, Goa

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Shareholder: \_\_\_\_\_

Signature: \_\_\_\_\_

Only Shareholders / proxies / representatives are allowed to attend the meeting.

# DE NORA INDIA LIMITED

CIN-L31200GA1993PLC001335

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

being the member(s) of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the 25<sup>th</sup>

Annual General Meeting of DE NORA INDIA LIMITED to be held on Wednesday, 14<sup>th</sup> May, 2014 at 11.00 a.m. and at any

adjournment thereof.

Ledger Folio \_\_\_\_\_ Client ID \_\_\_\_\_ DP ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

affix  
Re.1  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014 Signature : \_\_\_\_\_





## 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.



**FORM 2B**  
**NOMINATION FORM**

(Nomination under Section 109A of the Companies Act, 1956)

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

Date: \_\_\_\_\_

Dear Sirs

**Nomination**

I/We \_\_\_\_\_ and \_\_\_\_\_ the holder(s) of shares under Ledger Folio number \_\_\_\_\_ of De Nora India Limited, wish to make a nomination and do hereby nominate the following person in whom all rights of shares and/or amount payable in respect of share(s) registered under the said folio shall vest in the event of my/our death. This nomination automatically supercedes the nomination, if any, given by me/us prior to the date herein above mentioned.

**Name and address of Nominee**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Date of Birth\* : \_\_\_\_\_ (\* to be furnished in case the nominee is a minor)

\*\*The Nominee is a minor. I/We appoint \_\_\_\_\_ (Name and address of the guardian), to receive the shares and/or

the amount payable in respect of share(s) in the event of my/our/minor's death during the minority of the nominee.

(\* To be deleted if not applicable)

Name of the First Holder \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Second Holder \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

Specimen signature of the Nominee \_\_\_\_\_

(to be attested by the shareholder(s) \_\_\_\_\_ [signature of shareholder(s)])

**Signatures of Witnesses:**

1. Name and Address \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

2. Name and Address \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

**Instructions:**

1. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained.
2. The nomination can be made by individuals only applying/holdings share(s) on their own behalf singly or jointly by all the joint holders. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of a power of attorney cannot nominate.
3. If the share(s) are held jointly, all the joint holders should sign the Nomination Form. Nomination forms will be valid only if it is signed by all the holders.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on a re-patriation basis (subject to Reserve Bank of India's approval as applicable).
5. Nomination stands rescinded upon transfer of all share(s) in a folio or on receipt of a subsequent Nomination Form.
6. Transfer of share(s) in favour of the nominee, on the death of the shareholder(s), shall be a valid discharge by the Company against the legal heirs.
7. The form must be completed in all respects and duly witnessed by two witnesses. Incomplete form is not a valid nomination.
8. Subject to rules and regulations as applicable from time to time.



**DE NORA INDIA LIMITED**

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

To:

Shri/Smt./Kum. \_\_\_\_\_ (Name and Address)

Dear Sir/Madam,

**NOMINATION FACILITY**

We acknowledge receipt of nomination made by you on \_\_\_\_\_ (date) in favour of Shri/Smt./Kum. \_\_\_\_\_  
aged \_\_\_\_\_ years in respect of your equity shares registered under Folio No. \_\_\_\_\_

Yours faithfully,

Date:

Authorised Signatory





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Book Post

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