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<b>REGISTRAR &amp; TRANSFER AGENT</b>		<b>REGISTERED OFFICE &amp; WORKS</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		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 LTD.			

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## NOTICE

Notice is hereby given that the twenty third Annual General Meeting of DE NORA INDIA LIMITED will be held on June 28, 2012 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, 2011 and the Profit and Loss Account of the Company 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. Luca Buonerba who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Premal N. Kapadia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Place: Kundaim – Goa

**MILITA RODRIGUES**

Dated: February 15, 2012

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 Register of Members and the Share Transfer Books of the Company will remain closed from June 25, 2012 to June 28, 2012 (both days inclusive) for determining the names of Members eligible for dividend, if approved, in the Annual General Meeting. In case of shares held in electronic form, dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- d) Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- e) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.
- f) 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 403001, Goa

- g) Pursuant to the provisions of Sec. 205A(5) of the Companies Act, 1956, dividend for the financial year ended December 31, 2004 which remain unclaimed till March 30, 2012 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 April 30, 2012.

Unclaimed and unpaid Dividend for the Financial Year 1996, 1997, 1998 and 2003 has already been transferred to "Investors Education And Protection Fund" on October 24, 2003, October 13, 2004, October 10, 2005 and June 27, 2011 respectively and no claims shall lie against the Company or the said Fund in respect of such Dividend which remain unclaimed or unpaid for a period of 7 years from the date when they first became due.

- h) 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**

- i) Members are requested to notify immediately any change in their addresses to the Registrar & Transfer Agents at the above address.
- j) As per SEBI's directive, w.e.f. June 26, 2000 all investors can offer delivery of Company's shares in dematerialized form only. 5307341 number of Company's shares (97.15%) have been dematerialized as on 31.12.2011.

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.**

- k) The Company provides the facility of ECS/ NECS to all Shareholders. Shareholders holding shares in the physical form who wish to avail this facility, may authorize the Company with their ECS/NECS mandate in the prescribed form, attached with this Annual Report. The duly filled in ECS/NECS mandate should be lodged with the Registrar & Transfer Agents, on or before June 22, 2012. Shareholders holding shares in electronic form should inform the same to their respective Depository Participants immediately.



- l) 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. Luca Buonerba  
Age : 48 years  
Qualification : Asian International Executive Programme C/O. INSEAD Singapore in 1997  
Master Degree in Mechanical Engineering C/O. Universita Di Roma LA SAPIENZA in 1988.

Expertise : He is a motivated executive with several years of experience in management of medium private enterprises in Asia, North America and Europe. He has vast experience as Executive Officer and Managing Director of Asia operation. He has played important role in Merger & Acquisition, formation of Joint Ventures and spin off of non core activities in China and Italy, start up of new company in USA and China, transfer of ownership, creation of holding company in Singapore, liquidation of Companies in China, Singapore & USA. He managed a Business Unit promoting non core products for the corporation doubling the turnover over a three year periods. He had several primary responsibilities of P/L and BS of Companies and of Business Unit profitability with direct reporting of personnel located worldwide or managing companies of about 100 employees. He has vast experience in Sales and Marketing in Asia, especially Japan, China, Singapore, Indonesia. Very deep knowledge of Chlorine industries and of surface finishing, electronic, water treatment; good knowledge of the following industries: Power and desalination, petrochemical, Fuel Cells Industry and mining industry. He was involved in Strategic Marketing and Business Development activities in the field of water treatment, both industrial and potable, disinfection and agriculture promoting innovative products and technologies; the role foresees a continuous contact with Venture Capital and R&D function for the screening of new technologies and the prioritization of promising projects, competitive analysis, Merger and Acquisition, Strategic thinking, Sales and marketing, J/V agreements, negotiation in multicultural environment, Joint Development Agreement, Toll Manufacturing Agreement.

### Other Directorship/ Committee Membership

1. Permelec Electrodi Ltd. (Japan)
2. De Nora Elettrodi (Suzhou) Co. Ltd.
3. Industrie De Nora Singapore
4. Severn Trent De Nora LLC (USA)
5. Biolase S.p.A.
6. MedNora S.r.l a socio unico

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

Details of Shareholding : Nil

II Name : Mr. Premal N. Kapadia  
Age : 62 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. FirstService (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

He is member of the Remuneration Committee of the Board of De Nora India Limited, Chairman of 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

By Order of the Board of Directors

Place: Kundaim – Goa  
Dated: February 15, 2012

**MILITA RODRIGUES**  
COMPANY SECRETARY



## DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2011.

### FINANCIAL RESULTS (RS. IN MILLION)

	2011	2010
Sales & Other Income (Net of duties)	352.59	186.85
Profit/(Loss) before Depreciation & Taxation	75.02	40.22
Provision for Depreciation	(6.05)	(7.09)
Provision for Taxation for current/prior years	(20.62)	(8.90)
Deferred Taxation (Liability)/Asset for current/prior years	0.98	6.37
Net Profit after Tax	47.82	30.60
Balance of Profit brought forward	76.33	81.28
Transfer To General Reserves	4.78	3.06
Proposed Dividend	32.66	27.78
Tax on Dividend	5.30	4.72
Balance of Profit carried forward to next year	81.40	76.33

### DIVIDEND

The Directors of the company recommend a Dividend of 60% of paid-up capital for the year ended 31<sup>st</sup> December, 2011 absorbing an amount of Rs.37.96 Million of distributable profits, inclusive of tax on dividend as against 50% dividend for the previous year 2010.

### OPERATIONS

The Company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business. The Company has improved its performance in all its segments. The Company has improved its market share in the Electro Chlorination business.

### OUTLOOK

The Company has signed an order of approximately Rs.160 Million for manufacture of Chlorate Cells. This is expected to be executed in 2012. The Company has earlier signed an order of approximately Rs.200 Million for a lumpsum turnkey project for manufacture of 5 TPD of Sodium Chlorate plant. On the basis of the progress of completion the Company has booked sales invoicing of approximately

Rs.100 Million in the year 2011 and balance is expected to be executed in 2012.

### DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Luca Buonerba & Mr. Premal N. Kapadia will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

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 Managing Director and 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, 2012 in respect of 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 17.08.2010 valid till 16.08.2013 for the production and trading of Titanium Anodes/ Nickel Cathodes for Chlor-alkali Industry used for NaOH/ KOH/Cl<sub>2</sub>, Electro Chlorinators for On-site Hypo, Cathodic Protection Systems, Surface Finishing Products and Electro winning Products.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended December 31, 2011 the applicable accounting standards have been followed along with proper explanations relating to material departures;



2. That such accounting policies have been selected and consistently applied and judgements and estimates made, that are reasonable and prudent so as to give a fair and true view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
3. That proper and sufficient care has been taken 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;
4. That the accounts for the financial year have been prepared on a 'going concern' basis.

**AUDITORS**

The Auditors M/s. B S R and Associates, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received 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.

**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.

**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**

Your Directors would like to express their sincere appreciation for the continued support and co-operation received from Bankers, Foreign Collaborators, Government Authorities and Shareholders. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers during the year under review.

For and On behalf of the Board of Directors

Place: Kundaim, Goa  
Dated: February 15, 2012

**S. C. JAIN**  
MANAGING 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 31st December, 2011.

There was no employee for year ended 31st December, 2011 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 coating of the Membrane Cathode named as "Zerogap" from Industrie Denora S.p.A. Milan, Italy.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings are detailed in Note No. 19.10(a) and foreign exchange outgo is detailed in Note No. 19.10(b) to the Accounts.

For and On behalf of the Board of Directors

Place : Kundaim, Goa  
Dated: February 15, 2012

**S.C. JAIN**  
MANGING 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 application in the chlor-alkali & chlorate plants, Lida® Anodes for cathodic protection systems, Electrochlorinators and Platinized Titanium Anodes for surface finish application. All these applications come under the field of Electrolytic Processes.

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. So, the company expanded its market into high tech products such as Cathodic Protection Systems, Electrochlorination systems, and Platinized Titanium Anodes for surface finish application. In India, DNIL is a recognized player with high standard of quality in all these products.

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 all Gruppo De Nora & Krupp Uhde customers in India but is also equipped to give technical support to other technology suppliers in the Chlor-alkali 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. 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.

DNIL has signed an order of approximately Rs.160 Million for manufacture of Chlorate Cells. DNIL will look forward for more such opportunities in future.

### ELECTROCHEMICAL PRODUCTS PERFORMANCE

The company registered turnover of Rs.352.59 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. Your directors are hopeful that ongoing efforts made in the field of Chlorate Cells fabrication would pave way for the future growth of the company.

### 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 reduction in contribution due to increase in the raw material prices. 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 longer duration.

The Government of India had initiated administrative proceedings alleging non-disclosure of information and had passed an Order on 22.02.2010.

Thereafter the Appellate authority vide their Order dated 12.08.2010 had reduced the period to one year which has expired on 21.2.2011 and restricted the ban related only to the tenders of DGS&D. The Company preferred an appeal in the Court by filing a petition and it was admitted by the Delhi High Court.

On 05.07.2011, the Delhi High Court by its judgement and order allowed De Nora’s writ petition against the order imposing the ban. The High Court held to the effect that, there were no justifiable grounds for the Respondents to conclude that there was misrepresentation made by the Petitioner while quoting the price for the Electro Chlorination Systems supplied by it. On the issue of ban, the Court held that no justification had been shown by the Respondents for persisting with the ban even for a period of one year, and in view of the above, the impugned order dated 22.02.2010 as modified in appeal by the second impugned order dated 12.08.2010 of the Ministry of Commerce imposing a ban of one year on the petitioner cannot be sustained in law and to be set aside.



**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.352.59 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 31-12-2011

The present Board consists of one executive Director 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	2	No	4	1	2
Mr. Luca Buonerba	Non-executive Director	( 1 + 2*)	No	-	-	-
Mr. Angelo Ferrari	Non-executive Director	0	No	-	-	-
Mr. Giuseppe Cambareri	Non-executive and independent Director	( 0 + 2#)	No	-	-	-
Mr. M.A. Sundaram	Non-executive and independent Director	2	Yes	-	-	-
Mr. S. C. Jain	Managing Director	4	Yes	-	-	-

#### Alternate Directors

Mr. Krishan Khanna*	Non-executive director	2	Yes	-	-	-
Mr. R. V. N. P. R. Sardesai #	Non-executive and independent Director	2	Yes	-	-	-

Mr. Angelo Ferrari joined via Video/teleconference for 2 Audit Committee and 3 Board Meetings

Mr. Giuseppe Cambareri joined via Video/teleconference for 0 Audit Committee and 0 Board Meeting

Mr. Luca Buonerba joined via Video/teleconference for 0 Audit Committee and 3 Board Meeting

\* Meetings attended by Mr. Krishan Khanna as Alternate Director to Mr. Luca Buonerba

# Meetings attended by Mr. R. V. N. P. R. Sardesai as Alternate Director to Mr. Giuseppe Cambareri.

#### 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	40,000	-	40,000
Mr. M.A. Sundaram	40,000	-	40,000
Mr. Angelo Ferrari	-	-	-
Mr. Giuseppe Cambareri	-	-	-
Mr. Krishan Khanna	10,000	-	10,000
Mr. Luca Buonerba	5,000	-	5,000

1. Sitting Fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2011, except as stated above.
3. Except Mr. P N Kapadia who holds 57000 equity shares and Mr. S. C. Jain who holds 5500 shares as at 31st December, 2011, no other Director of the Company is holding any shares of the Company.

*Remuneration to Managing Director*

Particulars	Amount in Rs.
Salary	12,48,000
Perquisites	
- Medical Reimbursement	45,228
- House Rent	1,98,000
- Leave Encashment	95,538
Performance related bonus	14,13,234
<b>Total</b>	<b>30,00,000</b>
Company's contribution to funds	
- Provident Fund	1,49,760
- Superannuation Fund	1,87,200

- (a) The Managing Director was reappointed w.e.f. 16.07.2011 for a period of 2 years in the 22nd Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat.
- (b) The performance related bonus is computed on the basis of the performance of the Managing Director, achievement of targets by the Company and the overall De Nora Group's performance during the year and is decided by the Board.
- (c) The Company does not have any Stock Option Scheme.

*C) Other provisions as to Board and Committees*

The Board held four meetings during the year 2011 on 17<sup>th</sup> February 2011, 29<sup>th</sup> April 2011, 27<sup>th</sup> July 2011, and 3<sup>rd</sup> November, 2011.

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 Managing Director 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 comprises of three Directors as under:-

- Mr. M.A. Sundaram - Independent, Non-Executive - Chairman
- Mr. Giuseppe Cambareri or his Alternate Director during his absence - Independent, Non-Executive – Member
- Mr. Angelo Ferrari - Non-Executive - Member

The Committee met 4 times during the year on 17-02-2011, 28-04-2011, 27-07-2011, and 01-11-2011.

In the absence of Mr. Giuseppe Cambareri, his Alternate Director Mr. R.V.N.P.R. Sardesai, attended all 4 meetings. Mr. M.A. Sundaram attended all the 4 meetings during the year, while Mr. Angelo Ferrari attended 0 meetings & was granted leave of absence for all the meetings. Mr. S.C.Jain, Managing Director is a permanent invitee who alongwith the representatives



of Statutory and Internal Auditors of the Company also attended all the Audit Committee Meetings. Ms. Milita Rodrigues, 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 is as follows:

- Mr. M.A. Sundaram - Independent, Non-Executive - Chairman
- Mr. Giuseppe Cambareri or his Alternate Director during his absence - Independent, Non-Executive - Member
- Mr. P. N. Kapadia - Independent, Non-Executive – Member
- Mr. Luca Buonerba- Non-Executive – Member

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

- To decide and approve the remuneration package of the Managing Director of the company.

The committee met once during the year on February 17, 2011 which was attended by Mr. M. A. Sundaram and Mr. R.V.N.P.R. Sardesai (Alternate to Mr. Giuseppe Cambareri). Mr. P. N. Kapadia & Mr. Luca Buonerba were granted leave of absence.

**4. Shareholders' Grievance Committee**

The Board has constituted a Shareholders' Grievance Committee comprising of:

1. Mr. M. A. Sundaram -Chairman
2. Mr. S. C. Jain - Member

**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
2008	Registered office	20.05.2009	11.00 am	One	Extension of tenure of Managing Director
2009	Registered office	20.05.2010	11.00 am	Nil	Nil
2010	Registered office	20.05.2011	11.00 am	One	Extension of tenure of Managing Director

**Extra Ordinary General Meeting**

During the year the company did not hold any Extra Ordinary General Meeting.

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

3. Mr. Giuseppe Cambareri or his Alternate Director during his absence - Member

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 17-02-2011 which was attended by all the members of the Committee except Mr. Giuseppe Cambareri on whose behalf his alternate Director Mr. R.V.N.P.R. Sardesai attended the meeting. 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. Milita Rodrigues – 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 31st December, 2011.

10 requests for 1350 equity shares were received for Share Transfers and 34 requests for 5019 equity shares for dematerialisation were received during the year. The number of pending Share Transfers and requests for dematerialisation as on 31.12.2011 were NIL.

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 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 minimisation procedures. A Risk Management Committee consisting of Managing Director 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 minimisation procedures.

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

The Company did not raise any money through any issue during the year 2011.

**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 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 web site [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                      Thursday, June 28<sup>th</sup>, 2012 at 11:00 A.M.
- Venue                                      Regd. Office – Plot Nos. 184, 185 & 189 Kundaim Industrial Estate Kundaim - 403115, Goa.

**Financial Calendar                      1<sup>st</sup> January, 2012 -- 31<sup>st</sup> December, 2012**

- Results for quarter ending March 31, 2012                      Mid May, 2012
  - Results for quarter ending June 30, 2012                      Mid August, 2012
  - Results for quarter ending September 30, 2012                      Mid November, 2012
  - Results for quarter ending December 31, 2012                      Mid February, 2013
- Or

- Audited Annual Results for year ending December 31, 2012                      End February, 2013

- Date of Book Closure**                      25.06.2012 – 28.06.2012 (both days inclusive)

- Dividend Payment Date**                      On or after the AGM on June 28, 2012.

**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-11	76.00	60.80	62.15	6181.05	5416.65	5505.90
Feb-11	79.90	61.50	73.95	5599.25	5177.70	5333.25
Mar-11	86.80	72.50	79.70	5872.00	5348.20	5833.75
Apr-11	119.00	78.60	105.70	5944.45	5693.25	5749.50
May-11	111.50	76.80	81.75	5775.25	5328.70	5560.15
Jun-11	91.00	79.55	88.50	5657.90	5195.90	5647.40
Jul-11	113.40	82.05	97.30	5740.40	5453.95	5482.00
Aug-11	96.95	72.60	79.65	5551.90	4720.00	5001.00
Sept-11	85.45	73.20	78.00	5169.25	4758.85	4943.25
Oct-11	96.80	74.00	90.00	5399.70	4728.30	5326.60
Nov-11	100.90	77.00	80.30	5326.45	4639.10	4832.05
Dec-11	102.15	77.00	85.00	5099.25	4531.15	4624.30

### 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, 2011

Category (No. of Shares)	No. Of Shareholders	Percent-age	No. Of Shares	Percent-age
Less than 500	5320	89.23	705789	12.92
501-1000	335	5.62	268320	4.91
1001-2000	164	2.75	253357	4.64
2001-3000	48	0.81	125485	2.30
3001-4000	28	0.47	98476	1.80
4001-5000	17	0.29	80671	1.48
5001-10000	24	0.40	161640	2.96
10001 and above	26	0.44	3769455	69.00
<b>TOTAL</b>	<b>5962</b>	<b>100.00</b>	<b>5463193</b>	<b>100.00</b>

## SHAREHOLDING PATTERN AS ON DECEMBER 31, 2011

CATEGORY	No. OF SHARES HELD	PERCENTAGE OF SHARE-HOLDING
<b>A. Shareholding of Promoter and Promoter Group</b>		
1. Indian – Individuals	247366	4.53
2. Foreign – Institutions	2849500	52.16
<b>B. Public shareholding</b>		
<b>1. Institutions</b>		
a. Financial Institutions/ Banks	100	0.00
b. Foreign Institutional Investors	7460	0.13
<b>2. Non-Institutions</b>		
a. Bodies Corporate	153948	2.82
b. Non-Resident individuals/Foreign Individuals	56689	1.04
c. Individual shareholders/ Others	2148130	39.32
<b>TOTAL</b>	<b>5463193</b>	<b>100.00</b>

\* The difference in paid up capital is due to Buy back of shares. The Buyback has been approved by the Board of Directors of the Company at their meeting held on November 3, 2011. Till December 31, 2011, 1,11,049 shares are purchased and 91,941 shares are extinguished.

### Dematerialisation of Shares & Liquidity

97.15% of the total equity share capital has been dematerialized upto December 31, 2011. 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: milita.rodrigues@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-imbusement 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, 2011, 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 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 15, 2012

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

The Board has formulated a code of conduct for the Board members and senior management of the Company, which has been posted on the website of the Company.

It 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**

**S. C. Jain**  
MANAGING DIRECTOR



## Auditors' Report

To the Members of  
De Nora India Limited

We have audited the attached Balance sheet of De Nora India Limited ('the Company') as at 31 December 2011 and the related Profit and loss account and the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act;
- e) on the basis of written representations received from the directors as at 31 December 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 December 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the 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 2011;
- ii) in the case of the Profit and loss account, of the profit for the year ended on that date; and
- iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For **B S R and Associates**  
Chartered Accountants  
Firm's Registration No: 128901W

**Bhavesh Dhupelia**  
Partner

Mumbai  
15 February 2012

Membership No: 042070

### Annexure to the Auditors' Report – 31 December 2011 (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. In accordance with this programme, certain fixed assets of the Company have been physically verified during the year. No material discrepancies were noticed on such verification.
- (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 the 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, 1956 ('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 specialised requirements and similarly certain items of inventories sold and services rendered are for the specialised 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 inventories 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 material weakness in internal control system during the course of the audit.
- v (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the 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 items of inventories and purchase of services which are made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year are of a specialised 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 According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act for any of the products manufactured/ services rendered by the Company.
- 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, Employees' State Insurance, Income Tax, Sales Tax, Wealth 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 Investor Education and Protection Fund.

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, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues were in arrears as at 31 December 2011 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax and Customs Duty, which have not been deposited with the appropriate authorities on account of 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	1,261,980	2003-2006	Additional Commissioner of Central Excise, Goa
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	205,610	2006-2007	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 institution or debentureholders 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 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 an overall examination of the Balance sheet of the Company, we are of the 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/parties covered in the register maintained under Section 301 of the Act.
- xiv 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 and Associates**  
*Chartered Accountants*  
Firm's Registration No: 128901W

**Bhavesh Dhupelia**  
*Partner*  
Membership No: 042070

Place : Mumbai  
Dated : 15 February 2012



## DE NORA INDIA LIMITED

### BALANCE SHEET

as at 31 December 2011

(Currency: Indian Rupee)

	Schedules	31st Dec., 2011	31st Dec., 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	3	54,440,850	55,551,340
Reserves and surplus	4	205,917,181	204,397,894
		<u>260,358,031</u>	<u>259,949,234</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	150,689,332	147,856,067
Accumulated depreciation / amortisation		(93,907,622)	(89,409,192)
Net block		<u>56,781,710</u>	<u>58,446,875</u>
Capital work in progress		6,697,091	150,000
		<u>63,478,801</u>	<u>58,596,875</u>
<b>Investments</b>	6	50,223,732	120,731,527
<b>Deferred tax asset (net)</b>	7	7,344,498	6,365,875
<b>Current assets, loans and advances</b>			
Inventories	8	134,388,449	56,575,385
Sundry debtors	9	107,769,153	50,144,026
Unbilled revenue		3,730,593	-
Cash and bank balances	10	33,314,314	16,454,678
Other current assets (Interest accrued on deposits)		815,928	508,311
Loans and advances	11	32,722,186	22,661,178
		<u>312,740,623</u>	<u>146,343,578</u>
<b>Current liabilities and provisions</b>			
Current liabilities	12	(126,226,837)	(29,518,662)
Provisions	13	(47,202,786)	(42,569,959)
		<u>(173,429,623)</u>	<u>(72,088,621)</u>
<b>Net current assets</b>		<u>139,311,000</u>	<u>74,254,957</u>
		<u>260,358,031</u>	<u>259,949,234</u>
<b>Significant accounting policies</b>	2		
<b>Notes to accounts</b>	19		

The Schedules referred to above form an integral part of the balance sheet.

As per our report of even date attached

For **B S R and Associates**

Chartered Accountants

Firm's Registration No: 128901W

**Bhavesh Dhupelia**  
Partner

Membership No. 042070

Mumbai

February 15, 2012

For and on behalf of the Board of Directors

**S. C. Jain**  
Managing Director

**M. A. Sundaram**  
Director

**Milita Rodrigues**  
Company Secretary

Kundaim, Goa  
February 15, 2012





## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

(Currency: Indian Rupee)

	Schedules	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>Income</b>			
Manufactured sales (net of sales returns Rs Nil : previous year Rs 571,824)		221,819,178	65,694,280
Less : Excise duty		(10,708,762)	(4,289,276)
Net sales		211,110,416	61,405,004
Trading sales		3,784,747	10,476,707
<i>Service income</i>			
Recoating		123,745,292	93,488,564
Annual maintenance charges		1,825,498	3,203,951
		125,570,790	96,692,515
Other income	14	12,119,148	18,270,808
		352,585,101	186,845,034
<b>Expenditure</b>			
Cost of sales and services	15	164,253,278	63,547,575
Personnel costs	16	33,720,041	28,868,579
Other costs	17	79,410,173	54,082,401
Interest expense	18	177,354	117,530
Depreciation and amortisation	5	6,050,048	7,089,063
		283,610,894	153,705,148
		68,974,207	33,139,886
<b>Profit before tax</b>			
Provision for tax			
- Current tax		(20,621,638)	(8,903,731)
- Prior years refund / (tax) (net)		(1,511,395)	-
- Deferred tax (expense) / benefit		978,623	6,365,875
		47,819,797	30,602,030
<b>Net Profit after tax</b>			
Balance in Profit and Loss account brought forward		76,327,231	81,281,549
<b>Amount available for appropriation</b>			
<b>Appropriations:</b>			
Transfer to general reserve		4,781,980	3,060,203
Proposed dividend		32,664,510	27,775,670
Tax on proposed dividend		5,299,000	4,720,475
		81,401,538	76,327,231
<b>Balance in Profit and Loss account carried forward</b>			
<b>Basic and diluted earnings per share of face value of Rs 10 each</b>	19.5	8.62	5.51
<b>Significant accounting policies</b>	2		
<b>Notes to accounts</b>	19		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report of even date attached

For **B S R and Associates**

For and on behalf of the Board of Directors

Chartered Accountants

Firm's Registration No: 128901W

**Bhavesh Dhupelia**  
Partner

**S. C. Jain**  
Managing Director

**M. A. Sundaram**  
Director

**Milita Rodrigues**  
Company Secretary

Membership No. 042070

Mumbai  
February 15, 2012

Kundaim, Goa  
February 15, 2012

**CASH FLOW STATEMENT**

for the year ended 31 December 2011

(Currency: Indian Rupee)

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>A Cash flow from operating activities</b>		
<b>Net Profit before tax</b>	<b>68,974,207</b>	33,139,886
<b>Adjustments for non-cash and other items</b>		
Interest expense	177,354	117,530
Interest income	(729,319)	(314,521)
(Profit) / Loss on sale / scrapping of fixed assets	(173,047)	78,358
Depreciation and amortisation	6,050,048	7,089,063
Buyback expenses	826,477	-
Unrealised foreign exchange loss / (gain)	-	63,201
Provision for doubtful debts / advances written back	(107,546)	(2,615,142)
Bad debts / Advances written off	111,538	-
Dividends	(6,389,055)	(5,189,925)
(Profit) / Loss on redemption of mutual funds	18,075	59,050
Provision for warranty (write-back) / write-off (net)	(1,102,593)	(1,496,129)
Provision for inventories / write-off (net)	4,457,479	2,456,827
	<b>3,139,411</b>	248,312
<b>Operating profit before working capital changes</b>	<b>72,113,618</b>	33,388,198
<b>Changes in working capital</b>		
(Increase) / Decrease in Sundry debtors	(61,359,712)	(11,537,812)
(Increase) / Decrease in inventories	(82,270,543)	(10,340,979)
(Increase) / Decrease in loans and advances	(9,642,982)	(385,146)
(Decrease)/Increase in trade payables and other liabilities	96,708,175	(2,428,184)
(Decrease) / Increase in provisions	268,055	(4,787,038)
	<b>(56,297,007)</b>	(29,479,159)
Cash generated from operations	15,816,611	3,909,039
Income tax refunds / (payments)	(22,551,057)	(9,935,435)
<b>Net cash used in operating activities [A]</b>	<b>(6,734,446)</b>	(6,026,396)
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets and change in capital work in progress	(10,952,703)	(412,785)
Proceeds from sale of fixed assets	193,776	25,876
Interest received	421,702	186,064
Dividend received	2,744,870	2,673,822
Term Deposits with a Maturity of over Three Months (Net Movement)	(14,208,402)	-
Proceeds from redemption of mutual funds	134,133,904	307,011,419
Purchase of mutual funds	(60,000,000)	(314,251,459)
<b>Net cash (used in) / generated from investing activities [B]</b>	<b>52,333,147</b>	(4,767,063)



## CASH FLOW STATEMENT

for the year ended 31 December 2011

(Currency: Indian Rupee)

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>C Cash flow from financing activities</b>		
Increase / (Decrease) in short term borrowings	-	(12,955,557)
Dividend and distribution tax paid	(32,496,145)	-
Buyback expenses	(10,273,968)	-
Interest paid	(177,354)	(117,530)
<b>Net cash used in financing activities [C]</b>	<b>(42,947,467)</b>	<b>(13,073,087)</b>
<b>Net increase / (decrease) in cash and cash equivalents [A]+[B]+[C]</b>	<b>2,651,234</b>	<b>(23,866,546)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>16,454,678</b>	<b>40,321,224</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>19,105,912</b>	<b>16,454,678</b>

### Notes:

- Cash and cash equivalents comprise of
 

Cash in hand	34,251	12,539
<b>With Scheduled Banks</b>		
On Current accounts	14,227,282	14,812,139
On Deposit accounts	4,844,379	1,630,000
	<u>19,105,912</u>	<u>16,454,678</u>
- The above includes an amount of Rs. 2,175,867 (previous year Rs. 2,140,372) restricted in use on account of unpaid dividend and lien against Bank guarantees.

The Schedules referred to above form an integral part of the cash flow statement.

As per our report of even date attached

For **B S R and Associates**

Chartered Accountants

Firm's Registration No: 128901W

**Bhavesh Dhupelia**  
Partner

Membership No. 042070

Mumbai

February 15, 2012

For and on behalf of the Board of Directors

**S. C. Jain**  
Managing Director

**M. A. Sundaram**  
Director

**Milita Rodrigues**  
Company Secretary

Kundaim, Goa  
February 15, 2012



## Schedules to the Accounts

for the year ended 31 December 2011

### 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

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ("Indian GAAP") and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

#### 2.2 Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

#### 2.3 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 is 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.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets before the balance sheet date.

#### 2.4 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.

#### 2.5 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 profit and loss account. 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.

#### **2.6 Leases**

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

#### **2.7 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.

#### **2.8 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.

#### **2.9 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.

#### **2.10 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 Profit and Loss account 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 Profit and Loss Account.



### **2.11 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 Profit and Loss account 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 Profit and Loss account.

#### **(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 Profit and Loss account.

### **2.12 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. The final tax liability will be determined on the basis of the results for the period 1 April 2011 to 31 March 2012, being the tax year of the Company.

The deferred tax charge or credit is recognised using enacted or substantively enacted rates. In the case of unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each Balance Sheet date to reassess realisation.

### **2.13 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.





## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>3 Share capital</b>		
<b>Authorised</b>		
10,000,000 (previous year 10,000,000) equity shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid -up</b>		
5,444,085 (previous year 5,555,134) equity shares of Rs. 10 each, fully paid up	<u>54,440,850</u>	<u>55,551,340</u>
	<u>54,440,850</u>	<u>55,551,340</u>

### Note:

- 1) Of the above 2,849,500 (previous year 2,849,500) equity shares of Rs. 10 each are held by Oronzio De Nora International B. V., the holding company.
- 2) Pursuant to the Shareholders' approval for buyback of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 111,049 equity shares through open market transactions for an aggregate amount of Rs. 9,447,490, by utilising Share premium account to the extent of Rs. 8,337,000. The said shares have been subsequently extinguished. Capital Redemption Reserve has been created by transfer of Rs. 1,110,490 from General reserve being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>4 Reserves and surplus</b>		
<b>Share premium account</b>		
Balance at the commencement of the year	94,022,630	94,022,630
Less: utilised towards buyback of shares (Refer note 2 of Schedule 3)	8,337,000	-
Balance at the end of the year	<u>85,685,630</u>	<u>94,022,630</u>
<b>General reserve</b>		
Balance at the commencement of the year	34,048,033	30,987,830
Add: transfer from Profit and loss account	4,781,980	3,060,203
Less: Transfer to Capital Redemption reserve (Refer note 2 of Schedule 3)	1,110,490	-
Balance at the end of the year	<u>37,719,523</u>	<u>34,048,033</u>
<b>Capital Redemption reserve</b>		
Balance at the commencement of the year	-	-
Add: Transfer from General Reserve (Refer note 2 of Schedule 3)	1,110,490	-
Balance at the end of the year	<u>1,110,490</u>	<u>-</u>
<b>Profit and Loss account</b>	<u>81,401,538</u>	<u>76,327,231</u>
	<u>205,917,181</u>	<u>204,397,894</u>



**Schedules to the Accounts**  
for the year ended 31 December 2011  
(Currency: Indian Rupee)

**5 Fixed assets**

Description of assets	Gross block			Accumulated depreciation/ amortisation			Net block	
	As at 1-Jan-11	Additions during the year	Deletions during the year	As at 31-Dec-11	As at 1-Jan-11	Deletions during the year	As at 31-Dec-11	As at 31-Dec-10
<i>Intangible assets</i>								
Software	-	841,100	-	841,100	-	175,345	665,755	-
<i>Tangible assets</i>								
Leasehold land	1,856,520	-	-	1,856,520	669,624	19,542	1,167,354	1,166,896
Office building	2,614,836	-	-	2,614,836	659,430	42,244	1,913,162	1,955,406
Factory building	45,031,427	-	-	45,031,427	18,999,014	1,503,151	24,529,262	26,032,413
Plant and machinery	85,786,536	1,672,939	1,572,347	85,887,128	58,693,852	3,251,617	25,493,277	27,092,684
Furniture and fixtures	6,477,209	146,945	-	6,624,154	5,497,889	388,212	738,053	979,320
Motor cars	2,789,086	1,320,317	-	4,109,403	1,738,596	419,186	1,951,621	1,050,490
Computers	3,300,453	424,311	-	3,724,764	3,150,787	250,751	323,226	149,666
<b>Total</b>	147,856,067	4,405,612	1,572,347	150,689,332	89,409,192	6,050,048	56,781,710	58,446,875
Previous year	149,279,312	262,785	1,686,030	147,856,067	83,901,925	7,089,063	58,446,875	
<b>Capital work in progress</b>							6,697,091	150,000

Notes:

Capital work-in-progress includes capital goods in transit and capital advance Rs. 6,262,910 (previous year Rs. 150,000/-)



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>6 Investments</b>		
<i>(Non trade)</i>		
<b>Long term investments</b>		
<b>- in shares of other companies (quoted)</b>		
2,000 (previous year 2,000) fully paid-up equity shares of Rs 10 each of Bank of Baroda	170,000	170,000
<b>Current investments</b>		
<b>- in units of mutual funds (unquoted)</b>		
Nil (previous year 1,140,336.557) units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily dividend reinvestment option	-	11,437,349
1,885,475.434 (previous year Nil) units of HDFC Cash Management Fund - Savings Plan - Daily dividend reinvestment	20,054,671	-
Nil (previous year 4,000,000.000) units of HDFC Fixed Maturity Plan - 100D - XVII series - Dividend payout	-	40,000,000
Nil ( 3,994,647.169) units of HDFC Quarterly Interest Fund - Wholesale - Dividend payout	-	40,000,000
121,655.724 (previous year 114,597.551) units of Prudential ICICI Liquid Fund - Dividend reinvestment option	14,458,633	13,619,781
53,588.343 (previous year 50,014.103) units in Tata Floater Fund -Dividend reinvestment option	540,428	504,397
1,500,000.000 (previous year 1,500,000.000) units in Tata Fixed Income Fund - Dividend payout	15,000,000	15,000,000
	<b>50,223,732</b>	<b>120,731,527</b>

Notes:

- a) The aggregate book value and market value of quoted investment and the book value of unquoted investments are as follows:

Quoted investment

Aggregate book value of quoted investments	170,000	170,000
Aggregate market value of quoted investments	1,330,700	1,793,400
Aggregate book value of unquoted investment	50,053,732	120,561,527

- b) The following investments were acquired and sold during the year:

	Face value	Number	Cost
HDFC - Fixed Maturity Plan - Series XIV - Dividend payout (Previous year)	-	-	-
	10.000	(5,500,000.000)	(55,000,000)
HDFC - Fixed Maturity Plan - Series XIII - Dividend payout (Previous year)	-	-	-
	10.000	(4,225,145.929)	(42,251,460)
HDFC - Short term Opportunities Fund - Dividend payout (Previous year)	-	-	-
	10.000	(5,000,000.000)	(50,000,000)
HDFC Cash Management Fund - Treasury Advantage Plan - Dividend reinvestment option (Previous year)	10.000	12,978,946.624	129,979,627
	10.000	(7,177,391.219)	(72,000,000)
HDFC Cash Management Fund - Savings Plan - Daily Dividend reinvestment (Previous year)	10.000	940,167.726	10,000,000
	-	(-)	(-)
HDFC FMP 92D June 2011(2) - Dividend Series XVII (Previous year)	10.000	2,000,000.000	20,000,000
	(-)	(-)	(-)



**Schedules to the Accounts**

as at 31 December 2011

(Currency: Indian Rupee)

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>7 Deferred tax asset (net)</b>		
Deferred tax assets		
- in respect of provision for warranty / recoating	1,818,993	2,228,556
- in respect of provision for doubtful debts and advances	2,053,673	2,138,294
- in respect of technical know how amortisation	17,076	23,311
- in respect of provision for gratuity allowance	15,494	198,555
- in respect of provision for inventory	9,055,250	7,790,188
- in respect of provision for leave encashment / availment	875,324	624,432
	<u>13,835,810</u>	<u>13,003,336</u>
Deferred tax liabilities		
on temporary timing differences		
- in respect of depreciation allowance	6,491,312	6,637,461
	<u>7,344,498</u>	<u>6,365,875</u>

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>8 Inventories</b>		
Raw materials	85,346,134	37,104,837
<i>[including goods in transit Rs. 9,729,867(Previous year Rs. 5,926,848)]</i>		
Consumable stores and spares	3,062,418	1,811,390
<i>[including loose tools Rs. 521,563 (previous year Rs. 371,566)]</i>		
Work-in-progress	39,665,411	8,794,193
Finished goods	6,314,486	8,864,965
	<u>134,388,449</u>	<u>56,575,385</u>

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>9 Sundry debtors</b>		
<b>(Unsecured)</b>		
Debts outstanding for more than six months		
(a) considered good	2,168,502	3,023,125
(b) considered doubtful	4,993,769	4,759,130
	<u>7,162,271</u>	<u>7,782,255</u>
Other debts		
(a) considered good *	105,600,651	47,120,901
(b) considered doubtful	668,346	1,010,531
	<u>106,268,997</u>	<u>48,131,432</u>
	<u>113,431,268</u>	<u>55,913,687</u>



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

	As at 31st Dec., 2011	As at 31st Dec., 2010
Provision for doubtful debts	(5,662,115)	(5,769,661)
	<u>107,769,153</u>	<u>50,144,026</u>
* Includes the following sums receivable from companies under the same management within the meaning of section 370 (1B):		
De Nora Deutschland GmbH	793,888	357,682
De Nora Elettrodi (Suzhou) Ltd.	288,696	315,199
Industrie De Nora S.p.A.	693,294	-

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>10 Cash and bank balances</b>		
Cash in hand	34,251	12,539
Balances with scheduled banks		
- in current accounts	14,227,282	14,812,139
- in deposit accounts	19,052,781	1,630,000
[of which under lien against Bank Guarantees Rs 646,938 (previous year Rs 646,938)]		
	<u>33,314,314</u>	<u>16,454,678</u>

During the year, the Company has availed the cash credit facilities which are secured by a first charge on movable and immovable properties of the Company and the hypothecation of cash, inventories, outstanding monies and book debts

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>11 Loans and advances (Unsecured)</b>		
Considered good		
Advances recoverable in cash or in kind or for value to be received ^	12,092,659	3,787,145
Advance given for buyback of own shares	1,952,509	-
Taxes paid in advance <i>(net of provision Rs. 11,032,575 (previous year Rs. 16,825,912))</i>	16,910,627	16,360,990
Fringe benefit tax paid in advance	90,000	221,611
Deposits	1,676,391	2,291,432
	<u>32,722,186</u>	<u>22,661,178</u>
<b>Considered doubtful</b>		
Advances recoverable in cash or in kind or for value to be received	667,591	667,591
	<u>667,591</u>	<u>667,591</u>
	33,389,777	23,328,769
Provision for doubtful advances	(667,591)	(667,591)
	<u>32,722,186</u>	<u>22,661,178</u>

^ Includes amount receivable from a director of Rs. 14,326 (previous year Rs. Nil). The maximum balance outstanding during the year amounted to Rs. 90,461 (previous year Rs. 328,480).

**Schedules to the Accounts**

as at 31 December 2011

(Currency: Indian Rupee)

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>12 Current liabilities</b>		
Sundry creditors **	81,981,689	22,448,133
Advances received from customers	38,881,701	964,344
Unclaimed dividend ***	1,528,929	1,493,434
Other liabilities	3,834,518	4,612,751
	<u>126,226,837</u>	<u>29,518,662</u>

\*\* Based on the information and records available with the Company, there are no dues outstanding as at 31 December 2011, in respect of micro enterprises and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (Previous year Rs. Nil).

\*\*\* There is no amount due for deposit into the Investor Education and Protection Fund.

	As at 31st Dec., 2011	As at 31st Dec., 2010
<b>13 Provisions</b>		
Income tax [net of advance tax Rs. 7,575,985 (previous year Rs. 7,575,985)]	887,259	887,259
Proposed dividend	32,664,510	27,775,670
Tax on proposed dividend	5,299,000	4,720,475
Gratuity	47,756	597,742
Leave encashment / sick leave	2,697,871	1,879,830
Recoating / warranty	5,606,390	6,708,983
	<u>47,202,786</u>	<u>42,569,959</u>

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>14 Other income</b>		
Profit on sale of assets [net of loss of Rs. 20,726 (previous year Rs. Nil)]	173,047	-
Dividend on current investments -non trade	6,389,055	5,189,925
Writeback of warranty provision (net)	1,102,593	1,496,129
Writeback of provision for bad debts / advances (net)	107,546	2,615,142
Interest income		
- On bank deposits (tax deducted at source Rs. 59,106 (previous year Rs. 44,534))	729,319	314,521
- Interest on income tax refunds	1,499,153	-
- On employee loans	13,203	18,969
Exchange gain [net of loss Rs. Nil (previous year Rs. 2,212,549)]	-	547,213
Deputation Charges	1,490,266	3,091,597
Commission	-	756,717
Other miscellaneous income	614,966	4,240,595
	<u>12,119,148</u>	<u>18,270,808</u>



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>15 Cost of sales and services</b>		
Purchases of raw materials and consumables	182,920,041	64,388,902
Purchases of boughtout components	53,653,528	-
Installation, commissioning and repairs costs of electrochlorinators	3,618,072	6,537,599
Jobwork charges	1,656,248	345,296
Packing charges	218,453	452,812
	<u>242,066,342</u>	<u>71,724,609</u>
<b>Add : Opening inventories</b>		
- Raw materials	37,104,837	34,415,508
- Consumable stores and spares	1,811,390	2,063,460
- Work-in-progress	8,794,193	6,404,789
- Finished goods	8,864,965	5,514,594
	<u>56,575,385</u>	<u>48,398,351</u>
<b>Less : Closing inventories</b>		
- Raw materials	85,346,134	37,104,837
- Consumable stores and spares	3,062,418	1,811,390
- Work-in-progress	39,665,411	8,794,193
- Finished goods	6,314,486	8,864,965
	<u>134,388,449</u>	<u>56,575,385</u>
<b>(Increase) in inventories</b>	<u>(77,813,064)</u>	<u>(8,177,034)</u>
	<u>164,253,278</u>	<u>63,547,575</u>
<b>16 Personnel costs</b>		
Salaries, wages and bonus	27,585,790	23,832,109
Gratuity	784,344	515,831
Contribution to provident and other funds	2,484,339	2,215,366
Staff welfare	2,865,568	2,305,273
	<u>33,720,041</u>	<u>28,868,579</u>
<b>17 Other costs</b>		
Travelling and conveyance	10,172,736	8,007,205
Power, fuel and water	4,487,757	3,700,349
Commission	4,500,324	3,474,124
Business development/ promotion expenses and discount	1,362,484	893,822



**Schedules to the Accounts**

as at 31 December 2011

(Currency: Indian Rupee)

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
Royalty/ technical know-how fees	8,882,750	5,771,713
Professional and legal consultancy	28,150,909	18,196,097
Freight	1,357,707	2,146,324
Write off /provision for bad and doubtful debts/advances	111,538	-
Communications	1,407,284	874,985
Bank charges	2,878,444	609,342
Repairs and maintenance :		
- on plant and machinery	819,287	185,230
- on building	1,183,934	2,198,081
- others	706,980	800,036
Office maintenance and housekeeping charges	3,936,531	2,196,535
Audit fees (Refer Schedule 19.6)	683,050	633,658
Exchange loss [net of gain Rs. 1,621,658 (previous year Rs. Nil)]	241,525	-
Donations	1,015,001	11,000
Insurance	2,426,353	1,123,853
Rent	269,600	225,500
Rates and taxes	296,201	180,247
Loss on switch/redemption of current investments [net of profit on redemption Rs. 2,297 (previous year Rs. 6,872)]	18,075	59,050
Loss on sale/scrapping of assets [net of profit Rs. Nil (previous year Rs. 10,000)]	-	78,358
Miscellaneous expenses	4,501,703	2,716,892
	<b>79,410,173</b>	<b>54,082,401</b>
	<b>Year ended 31st Dec., 2011</b>	<b>Year ended 31st Dec., 2010</b>
<b>18 Interest expense</b>		
Interest on cash credit facility	177,354	99,201
Others	-	18,329
	<b>177,354</b>	<b>117,530</b>
	<b>Year ended 31st Dec., 2011</b>	<b>Year ended 31st Dec., 2010</b>
<b>19 Notes to accounts</b>		
<b>19.1 Contingent liabilities</b>		
<i>Claims in respect of:</i>		
Excise matters	1,467,590	1,467,590



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>19.2 Capital and other commitments</b>		
a) Bank guarantees given by Company comprise of the following:		
- Against product performance	90,000,223	10,749,597
- Against export commitments to customs authorities	1,222,371	868,371

Estimated amounts of contracts remaining to be executed on capital account and not provided for as on 31 December, 2011 aggregate Rs Nil net of capital advances Rs Nil (previous year Rs 375,000 net of capital advances Rs 225,000).

	Year ended 31st Dec., 2011	Year ended 31st Dec., 2010
<b>19.3 Managerial remuneration</b>		
Salary and other allowances	1,248,000	1,200,000
Perquisites	338,766	343,111
Performance based incentive	1,413,234	1,454,700
	<u>3,000,000</u>	<u>2,997,811</u>
Contribution to Superannuation fund	187,200	180,000
Contribution to provident and family pension fund	149,760	144,000
	<u>336,960</u>	<u>324,000</u>

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.

Computation of net profit in accordance with section 198 and section 349 of the Companies Act, 1956 has not been disclosed, as commission by way of percentage of profit is not payable to any Director.

### 19.4 Related party transactions

#### a) Parties where control exists

Name of related party	Relationship
Oronzio De Nora International B.V.	Holding Company (holds 52.34% of the equity share capital as at 31 December 2011)
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 Branch De Nora Elettrodi (Suzhou) Ltd. De Nora Tech Inc.	Entities under common control ('EUCC')
ii. De Nora Deutschland GmbH De Nora Do Brasil Ltda.	Fellow Subsidiaries ('FS')
iii. S .C. Jain (Managing director)	Key Management personnel ('KMP')



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

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

Transactions	UHC	EUCC	FS	KMP	Total
Purchase of raw materials, trading goods and spares	128,769 (11,003,221)	3,847,875 (1,024,437)	3,626,520 (728,400)	- (-)	7,603,164 (12,756,058)
Commission paid	335,087 (204,165)	- (-)	- (-)	- (-)	335,087 (204,165)
Purchase of services	13,914,292 (13,973,904)	158,112 (-)	- (124,267)	- (-)	14,072,404 (14,098,171)
Payment of Royalty	8,882,750 (5,771,713)	- (-)	- (-)	- (-)	8,882,750 (5,771,713)
Reimbursement of expenses	557,943 (150,319)	- (-)	- (-)	- (-)	557,943 (150,319)
Sale of goods and services	2,391,087 (-)	- (97,528)	1,759,159 (1,833,736)	- (-)	4,150,246 (1,931,264)
Commission received	- (-)	- (756,717)	- (-)	- (-)	- (756,717)
Recovery of expenses	- (995,678)	1,490,266 (2,095,919)	- (-)	- (-)	1,490,266 (3,091,597)
Dividends paid	14,247,500 (-)	- (-)	- (-)	- (-)	14,247,500 (-)
Remuneration	- (-)	- (-)	- (-)	3,336,960 (3,321,811)	3,336,960 (3,321,811)
Advance given and repaid	- (-)	- (-)	- (-)	- (328,480)	- (-)
Balance outstanding as on 31 December 2011					
- Receivables	693,294 (-)	288,696 (315,199)	793,888 (357,682)		
- Payables	11,848,579 (9,995,171)	3,970 (-)	- (261,806)		

Figures in brackets relate to the previous year transactions/ balances.

**d) Name of the parties having related party transactions in excess of 10% in line transactions.**

Name of the related party	Transactions	2011	2010
Industrie De Nora S.p.A., Italy	Purchase of raw materials trading goods and spares	128,769	11,003,221
De Nora Tech Inc. USA	Purchase of raw materials trading goods and spares	3,847,875	1,024,437
De Nora Deutschland GmbH, Germany	Purchase of raw materials trading goods and spares	3,626,520	728,400
Industrie De Nora S.p.A., Italy	Purchase of services	13,914,292	13,973,904
De Nora Elettrodi (Suzhou) Co. Ltd., China	Purchase of services	109,602	-
De Nora Tech Inc. USA	Purchase of services	48,510	-
De Nora Deutschland GmbH, Germany	Purchase of services	-	124,267
Industrie De Nora S.p.A., Italy	Payment of commission	335,087	204,165
Industrie De Nora S.p.A., Italy	Reimbursement of expenses	557,943	150,319
Industrie De Nora S.p.A., Italy	Payment of Royalty	8,882,750	5,771,713



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

Name of the related party	Transactions	2011	2010
Oronzio De Nora International B.V., Netherlands	Dividends paid	14,247,500	-
Industrie De Nora S.p.A., Italy	Sale of goods and services	2,391,087	-
De Nora Deutschland GmbH, Germany	Sale of goods and services	1,759,159	1,833,736
Industrie De Nora S.p.A., Singapore branch	Sale of goods and services	-	97,528
Industrie De Nora S.p.A., Italy	Recovery of expenses incurred on behalf of group companies	-	995,678
De Nora Elettrodi (Suzhou) Co. Ltd., China	Recovery of expenses incurred on behalf of group companies	1,490,266	2,095,919
De Nora Tech Inc. USA	Commission received	-	756,717

### 19.5 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.

	2011	2010
Weighted average number of equity shares outstanding during the year	5,545,880	5,555,134
Net profit after tax available for equity shareholders	47,819,797	30,602,030
Basic and diluted earnings per equity share of Rs 10 each	8.62	5.51

### 19.6 Auditors' remuneration

	2011	2010
As auditors		
a) audit fees	450,000	450,000
b) other matters	130,000	100,000
c) Out of pocket expenses	103,050	83,658
	<b>683,050</b>	<b>633,658</b>

Audit fees does not include Rs. 650,000 (Previous year Rs. 650,000) in respect of statutory audit, group audit under IFRS, etc. to be borne by Ultimate Holding Company.

### 19.7 Segment information

The Company's primary (business) segment is singular viz. "Electrolytic Products". There are two reportable geographical segments. All fixed assets of the Company are located and based in India The disclosures in respect of the secondary (geographical) segment is as follows:

	Local	Export	Unallocable	Total
Revenue	322,324,115	18,141,838	-	340,465,953
	(146,647,411)	(25,775,129)	(-)	(172,422,540)
Carrying amount of segment assets	357,442,919	1,775,878	74,568,857	433,787,654
	(187,684,971)	(672,881)	(143,680,003)	(332,037,855)

Figures in brackets relate to the previous year transactions



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

### 19.8 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 :

	2011	2010
Opening carrying amount	6,708,983	8,205,112
Additional provisions made during the year	129,006	680,795
Unused amounts reversed during the year	1,231,599	2,176,924
Closing carrying amount	5,606,390	6,708,983

Most of the outflows are expected to take place between year 1 and 2 after the balance sheet date and all will be incurred within a period of 8 years from the balance sheet date.

### 19.9 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.

A sum of Rs 2,484,399 (previous year Rs 2,215,366) has been charged to the revenue account in this respect, comprising of the following:

	2011	2010
Provident Fund	1,039,633	900,203
Family Pension Fund	491,596	488,118
Superannuation Fund	953,110	827,045
Total	2,484,339	2,215,366

#### **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 profit and loss account.



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

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

	2011	2010
Liability at the beginning of the year	6,509,742	5,536,162
Current service cost	377,179	328,778
Interest cost	528,257	439,871
Benefits paid	(567,421)	-
Actuarial (gain) / loss on obligations	278,403	204,931
Liability at the end of the year	7,126,160	6,509,742

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

	2011	2010
Fair value of plan assets at the beginning of the year	5,912,000	4,187,280
Expected return on plan assets	571,419	457,749
Contributions by the employer	1,162,406	1,266,971
Benefits paid	(567,421)	-
Fair value of plan assets at the end of the year	7,078,404	5,912,000

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

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

	2011	2010
Current service cost	377,179	328,778
Interest expense	528,257	439,871
Expected return on investment	(571,419)	(457,749)
Net actuarial (gain) / loss	278,403	204,931
Expenses/ (income) recognised in the profit and loss account	612,420	515,831

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

	2011	2010
Present value of the commitment	7,126,160	6,509,742
Fair value of plan assets	7,078,404	5,912,000
Net liability/ (asset) recognised in the balance sheet	47,756	597,742

### v. Actual return on plan assets

	2011	2010
Expected return on plan assets	571,419	457,749
Actual return on plan assets	571,419	457,749

### vi. Principal actuarial assumptions

	2011	2010
Discount rate	8.50%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Salary increment rate	5.00%	5.00%
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.



## Schedules to the Accounts

as at 31 December 2011

(Currency: Indian Rupee)

### 19.10 Transactions in foreign currency

#### a) Earnings in foreign currency (on accrual basis)

	2011	2010
Value of exports on a Free On Board ('FOB') basis	17,991,849	21,926,815
Recovery of charges	1,490,266	3,091,597
Commission received	-	756,717
	<b>19,482,115</b>	<b>25,775,129</b>

#### b) Expenditure in foreign currency (on accrual basis.)

	2011	2010
Travelling expenses	878,302	227,033
Purchase of services	13,914,292	14,754,795
Royalty	8,882,750	5,771,713
Reimbursement of expenses	716,055	649,510
Commission	368,235	777,792
	<b>24,759,634</b>	<b>22,180,843</b>

#### c) Remittance of dividend in foreign currency

	2011	2010
Amount remitted in foreign currency	14,247,500	-
Dividend for the year ended	31-Dec-10	-
Number of non-resident share holders	1	-
Number of shares held	2,849,500	-

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

	2011	2010
Raw material	123,210,728	28,122,884
Capital goods	6,262,910	-
	<b>129,473,638</b>	<b>28,122,884</b>

#### 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:

	2011		2010	
	Rs	Euros (€)	Rs	Euros (€)
i. Amounts denominated in Euros				
Receivable towards export of goods and services	4,511,163	64,177	676,715	11,268
Receivable towards advances made for imports	193,434	2,752	4,699,271	78,248
Payable towards advances received for exports	1,340,980	19,077	10,866	180
Payable towards import of goods and services	2,969,799	42,249	4,477,990	74,179
Payable towards Royalty	8,882,750	126,369	5,771,713	96,582

	2011		2010	
	Rs	USD (\$)	Rs	USD (\$)
ii. Amounts denominated in US Dollars ('USD')				





## Schedules to the Accounts

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### 19.11 Quantitative information

#### a) Details of capacity and production

	Unit of measure	2011	2010
<b>i. Licensed capacity</b>			
Coated metal electrodes (anodes and cathodes)	Sq. Mtr.	10,000	10,000
Electrochlorinators	Nos.	600	600
Water electrolyzers	Cubic Mtr.	500	500
Chlor-alkali cells and ion exchange equipment	TPD of caustic soda	270	270
Components for chlor-alkali cells/ion exchange membrane electrolyzers	Rs.	6 crore	6 crore
Cathodic protection (anti corrosion ) system	Sq. Mtr.	600	600
Electro metal wining	Nos.	2525	2525

	Unit of measure	2011	2010
<b>ii. Annual installed capacity *</b>			
Coated metal electrodes (anodes and cathodes)	Sq. Mtr.	10,000	10,000
Electrochlorinators	Nos.	600	600
Cathodic protection (anti corrosion) system	Sq. Mtr.	600	600
Electro Metal wining	Nos.	2,525	2,525

\*As certified by management and accepted by the Auditors without verification, this being a technical matter.

	Unit of measure	2011	2010
<b>iii. Details of actual production</b>			
Coated metal electrodes (anodes and cathodes) *	Sq. Mtr.	382.80	7.07
Electrochlorinators	Nos.	52	31
Cathodic protection (anti corrosion) systems	Sq. Mtr.	436.27	547.77
Electro Metal wining	Nos.	-	-

\* Production of coated metal electrodes excludes recoating of customers' anodes 3,992.54 sq. mtrs. (previous year 3496.92 sq. mtrs.)

#### b) Opening and closing stock of finished goods

	Unit of measure	2011		2010	
<b>i. Opening stock</b>					
Coated metal electrodes (anodes and cathodes)	Sq.Mtr.	163.31	6,928,062	233.31	2,498,210
Cathodic protection systems	Sq.Mtr.	@89	1,519,428	@11.87	27,605
Electrochlorinators	Nos.	12	417,475	38	2,988,778
Electro Metal winning	1	-	1	-	-
			<b>8,864,965</b>		<b>5,514,594</b>
<b>ii. Closing stock</b>					
Coated metal electrodes (anodes and cathodes)	Sq.Mtr.	177.30	3,560,572	163.31	6,928,062
Cathodic protection system	Sq.Mtr.	69.99	2,551,661	89.25	1,519,428
Electrochlorinators	Nos.	11	202,253	12	417,475
Electro Metal winning	Nos.	1	-	1	-
			<b>6,314,486</b>		<b>8,864,965</b>

@ Cathodic protection (anti corrosion) systems include diverse bought out components which are affixed to the electrolytic products manufactured by the Company. While the value corresponds to the aggregate cost of such assemblies in inventory as at the year end, the quantities reported relate to elements manufactured and held in inventory as at the year end.



**Schedules to the Accounts**

as at 31 December 2011

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**c) Sales of goods and services rendered**

	Unit of measure	Quantity	2011	Quantity	2010
<i>i. Sales of manufactured and traded products</i>					
Coated metal anodes	Sq. Mtr.	196.00	16,479,282	77.07	6,028,103
Electrochlorinators	Nos.	56	43,752,315	57	18,350,867
Cathodic protection (anti corrosion) systems	Sq. Mtr.	455.28	47,187,121	470.39	46,513,115
Electro Metal Winning	Nos.	-	989,626		
Contract revenue		#	107,476,445	-	
			<u>214,895,163</u>		<u>71,881,711</u>

@ Cathodic protection (anti corrosion) systems include diverse bought out components which are affixed to the electrolytic products manufactured by the Company. While the value corresponds to the aggregate amounts invoiced for such assemblies by the Company, the quantities reported relate to the aggregate quantities of elements manufactured and invoiced during the year.

# Contract revenue comprises of various items manufactured and bought out supplied on a contract basis.

	Unit of measure	Quantity	2011	Quantity	2010
<i>ii. Services</i>					
Recoating and repair of customers' anodes	Sq. Mtr.	4,529.36	123,745,292	2,985.20	93,448,564
<i>iii. Others</i>					
		*	1,825,497	*	3,203,951

\* Comprise dissimilar items, which cannot be practicably aggregated, and therefore quantitative information in respect thereof is not furnished.

**d) Consumption of materials, stores and components**

**i. Raw materials consumed during the year**

	Unit of measure	Quantity	2011	Quantity	2010
Chemicals	Kg	37,666	31,579,620	11,659	19,085,899
Titanium metal	Kg	9,445	19,342,404	2,491	6,375,283
Titanium structure including meshes	Nos.	90	3,662,711	30	2,696,721
Canisters/ strings/ strips/ cables			6,913,535	*	4,781,229
Components for electro chlorinators			24,217,116	*	5,992,679
Others			35,432,333		7,696,819
			<u>121,147,719</u>		<u>46,628,631</u>

\* Comprise dissimilar items, which cannot be practicably aggregated, and therefore quantitative information in respect thereof is not furnished.



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as at 31 December 2011

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

	2011		2010	
	Value (Rs)	% of total consumption	Value (Rs)	% of total consumption
<i>Raw material</i>				
Imported	78,614,888	65	30,238,072	65
Indigenous	42,532,831	35	16,390,558	35
	<b>121,147,719</b>	<b>100</b>	<b>46,628,631</b>	<b>100</b>
<i>Stores and spares</i>				
Imported	-	-	-	-
Indigenous	6,188,919	100	4,907,931	100
	<b>6,188,919</b>	<b>100</b>	<b>4,907,931</b>	<b>100</b>

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

	2011	2010
a) Contract revenue (net of excise)	107,476,445	-
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	80,553,590	-
(ii) Recognized profits (net of recognized losses)	26,922,855	-
(iii) Retention money	-	-
c) Gross amount due from customers for contract work	40,727,418	-
d) Gross amount due to vendors for contract work	26,887,019	-

### 19.13 Transfer pricing

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 2011. 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 2011. Management believes that the company's international transactions with associated enterprises post 31 March 2011 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.

**For B S R and Associates**  
Chartered Accountants  
Firm's Registration No: 128901W

**For and on behalf of the Board of Directors**

**Bhavesh Dhupelia**  
**Partner**  
Membership No. 042070

**S. C. Jain**  
**Managing Director**

**M. A. Sundaram**  
**Director**

**Milita Rodrigues**  
**Company Secretary**

Mumbai  
February 15, 2012

Kundaim, Goa  
February 15, 2012



## Notes to Financial Statements

as at 31 December 2011

(Currency: Indian Rupee)

### Balance sheet abstract and general business profile

I	Registration details				
	Registration No.	01335	State code	24	
	Balance sheet date	31-Dec-11			
II	Capital raised during the year (Amount rupees in thousands)				
	Public issue	NIL	Rights issue	NIL	
	Bonus issue	NIL	Private placement	NIL	
III	Position of mobilisation and deployment of funds (Amount rupees in thousands)				
	Total liabilities	433,788	Total assets	433,788	
	Sources of funds				
	Paid up capital	54,441	Reserves and surplus	205,917	
	Secured loans	NIL	Unsecured loans	NIL	
	Application of funds				
	Net fixed assets	63,479	Investments	50,224	
	Net current assets	139,311	Miscellaneous expenditure	NIL	
	Deferred tax asset	7,344			
	Accumulated loss	NIL			
IV	Performance of the Company (Amount rupees in thousands)				
	Turnover	352,585	Total expenditure	283,611	
	Profit/ (loss) before tax	68,974	Profit/ (loss) after tax	47,820	
	Earnings per share	8.62	Dividend rate	60	
V	Generic names of principal product of the Company (as per monetary terms)				
	Item code no. (ITC code)	81089090			
	Product description	Coated electrodes			
	Item code no. (ITC code)	84212109			
	Product description	Electrochlorinators			
	Item code no. (ITC code)	81089090			
	Product description	Cathodic protection systems			
	Item code no. (ITC code)	85433000			
	Product description	EMEW Cells and Skids			

### For and on behalf of the Board of Directors

**S. C. Jain**  
*Managing Director*

**M. A. Sundaram**  
*Director*

**Milita Rodrigues**  
*Company Secretary*

Kundaim, Goa  
February 15, 2012



# DE NORA INDIA LIMITED

**ATTENDANCE SLIP**  
(To be presented at the entrance)

**23<sup>rd</sup> ANNUAL GENERAL MEETING on June 28, 2012 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

## 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 23<sup>rd</sup> Annual General Meeting of DE NORA INDIA LIMITED to be held on Thursday, 28<sup>th</sup> June, 2012 at 11.00 A.M. and at any adjournment thereof.

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

No. of shares held \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2012 Signature : \_\_\_\_\_

affix  
Re. 1  
Revenue  
Stamp

## **BANK ACCOUNT PARTICULARS/ECS/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 ECS/NECS could not be implemented or the Company discontinues the ECS/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)

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

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

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.

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**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



