

**BOARD OF DIRECTORS**

PREMAL N. KAPADIA	<i>Chairman</i>
S. C. JAIN	<i>Managing Director</i>
LUCA BUONERBA	
GIUSEPPE CAMBARERI	
ANGELO FERRARI	
M. A. SUNDARAM	
KRISHAN KHANNA	<i>Alternate to Luca Buonerba</i>
R. V. N. P. R. SARDESSAI	<i>Alternate to G. Cambareri</i>

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**COMPANY SECRETARY**

MILITA RODRIGUES

**REGISTRAR & TRANSFER AGENT**

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

**BANKERS**

BANK OF BARODA  
AXIS BANK LTD.

**REGISTERED OFFICE & WORKS**

PLOT NOS. 184,185 & 189  
KUNDAIM INDUSTRIAL ESTATE  
KUNDAIM, GOA - 403 115  
Tel.: 91-832-3981100 Fax.: 91-832-3981101  
Email: [denoraindia@denora.com](mailto:denoraindia@denora.com)  
Website: [www.denoraindia.com](http://www.denoraindia.com)

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## NOTICE

Notice is hereby given that the twenty second Annual General Meeting of DE NORA INDIA LIMITED will be held on May 20, 2011 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, 2010 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. Angelo Ferrari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Giuseppe Cambareri 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.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT subsequent to the expression of opinion by the Central Government under Section 309(1) of the Companies Act, 1956 that Mr. R.V.N.P.R. Sardessai possesses the requisite qualification for the practice of his profession, approval of the Shareholders be and is hereby accorded for payment of Consultancy Fee to Mr. R.V.N.P.R. Sardessai, Non-Executive Director for the following services rendered by him as a Sales Tax Consultant:

1. Consultancy and Advising on Goa Sales Tax Act, Central Sales Tax Act, Entry Tax, Works Contract Tax and Service Tax. Interpretation and intimating any changes and amendments to abovementioned Acts.
2. Representing Company during assessments by the Department.
3. Preparation and filing of periodic returns for abovementioned indirect taxes.
4. Preparing written submissions for assessments.
5. Preparing appeal papers and representation of the facts appropriately in the hearings.

RESOLVED FURTHER THAT Mr. Sardessai will render the above services as and when required by the Company and he shall be paid on a case to case basis. The total payments for the same shall not exceed Rs.50,000/- per annum.”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to sections 198, 269 and 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and all other statutory provisions, if any, the consent of the shareholders be and is hereby accorded to the extension of tenure of Mr. S.C. Jain, as Managing Director for a period of 2 (two) years with effect from July 16, 2011 on the terms and conditions and remuneration as set out in the Explanatory statement attached to the notice convening this Annual General Meeting, with a liberty to the Board of Directors (deemed to include the Remuneration Committee of the Board) to revise, amend, alter or otherwise vary the terms and conditions of this appointment including remuneration so as to comply with the provisions specified in Section II 1 (B) of Part II, of Schedule XIII to the Companies Act, 1956, in case of no profit or inadequate profits as computed under Companies Act, 1956 or any amendments thereto as may be required from time to time, and as agreed by the Board of Directors and Mr. S.C. Jain.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

Place : Kundaim - Goa  
Dated : February 17, 2011

**MILITA RODRIGUES**  
COMPANY SECRETARY

### NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.**
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The relative Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item No. 6 and 7.



- d) The Register of Members and the Share Transfer Books of the Company will remain closed from May 16, 2011 to May 20, 2011 (both days inclusive) for determining the names of Members eligible for dividend, if approved, in the Annual General Meeting. In case of shares held in electronic form, dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- e) Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- f) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.
- g) The amount of unclaimed dividend for and upto the year ended March 31, 1994 which remained unpaid or unclaimed have been transferred to the General Revenue Account of the Central Government. Any claim for payment of such unclaimed/unpaid Dividend should be made by an application in the prescribed form to the Registrar of Companies, Goa at the address given below:

The Registrar of Companies  
Company Law Bhavan  
EDC, Plot No. 21, Patto  
Panaji 403 001, Goa

- h) Pursuant to the provisions of Sec. 205A (5) of the Companies Act, 1956, dividend for the financial year ended December 31, 2003 which remain unclaimed till June 4, 2011 will be transferred by the Company to the "Investors Education & Protection Fund" (IEPF) established by the Central Government. The due date for transfer to IEPF is July 4, 2011.

Unclaimed and unpaid Dividend for the Financial Year 1996, 1997 and 1998 has already been transferred to "Investors Education And Protection Fund" on October 24, 2003, October 13, 2004 and October 10, 2005 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.

- i) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. **Shareholders desirous of making nominations are requested to send their requests in Form 2B (enclosed) to our Registrar & Transfer Agent:**

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

- j) Members are requested to notify immediately any change in their addresses to the Registrar & Transfer Agents at the above address.
- k) As per SEBI's directive, w.e.f. June 26, 2000 all investors can offer delivery of Company's shares in dematerialized form only. 5394265 number of Company's shares (97.10%) have been dematerialized as on 31.12.2010.

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.**

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

- I. Name : Mr. Giuseppe Cambareri  
Age : 46 years

Qualification : He graduated magna cum laude from University of Rome in 1988 and received legal education at the British Institute of International and Comparative Law in London and the International centre of Study of the European Community in Milan. Mr. Cambareri was admitted to the Milan Barristers Association in 1991 and as a Supreme Courts Attorney in 2004. He is a member of the International Bar Association and the London Court of International Arbitration.

Expertise: He is a partner of Cambareri – Studio di Avvocati, an independent law firm with offices in Rome and Milan. He presently sits in the Board of Directors of Italian, US and Asian companies in various fields of Industry. Mr. Cambareri has more than twenty years' experience in advising companies and individuals on corporate law and contracts. He represents large and medium sized corporations in Europe, North America and Asia in connection with M&A transactions, investment, shareholders agreements, joint ventures, corporate alliances and recognitions, securities and stock exchange regulations, competition law and merger control regulations. He advises clients on wide array of contracts and commercial matters including international sales, IP licenses, agency, distribution and product law.

Other Directorship/Committee Membership.

1. Nuvera Fuel Cells Europe S.r.l.  
He is a member of Audit, Remuneration and Shareholders Grievance Committee of the Board.  
Details of shareholding: NIL

- II. Name : Mr. Angelo Ferrari  
Age : 50 years  
Qualification : Degree in Business Administration C/O "Luigi Bocconi" University in Milan.  
Expertise : He has more than 24 years of extensive experience in the area of Finance function. He has been associated with the Parent company since last 22 years. He is presently the head of group internal auditing and special projects activity in Industrie



De Nora S.p.A. He is an internal auditor for Permelec Electrode Limited and Chlorine Engineers Limited.

Other Directorship/Committee Membership

1. Oronzio De Nora International B.V.
2. De Nora Deutschland GmbH
3. De Nora Elettrodi (Suzhou) Co. Ltd.
4. Jetnor B.V.
5. Verdenora S.r.l.
6. MedNora S.r.l.

He is a member of Audit Committee of Board.

Details of shareholding: NIL

## ANNEXURE TO NOTICE:

Explanatory statement pursuant to Sec. 173(2) of the Companies Act, 1956.

### Item 6

Mr. R.V.N.P.R. Sardesai is a qualified Sales Tax Advocate & Consultant. Anticipating that the Company may require professional advice and services from Mr. R.V.N.P.R. Sardesai, from time to time, in the field of Sales Tax, the Company had acquired the expression of opinion by the Central Government to permit payment of professional fees in accordance with Section 309(1) of the Companies Act, 1956. As per the provisions of the Clause 49I(B) of the Listing Agreement entered into by the Company with National Stock Exchange all fees/compensation, if any, paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in General Meeting. Hence, the Ordinary Resolution seeking shareholder's approval is proposed.

None of the Directors other than Mr. R.V.N.P.R. Sardesai are interested in the resolution.

### Item 7

The present term of office of Mr. S.C. Jain as Managing Director will be expiring on July 15th, 2011. The Board of Directors at their Meeting held on February 17, 2011, subject to the approval of the Shareholders, have extended the tenure of Mr. S.C. Jain as Managing Director for a further period of two years w.e.f. July 16th, 2011 as per the terms and conditions set out hereunder, determined by the Remuneration Committee of the Board of Directors.

The information to be disclosed as per Schedule XIII to the Companies Act, 1956 is as under:

### I. GENERAL INFORMATION

1. The company is in the business of manufacture of products for Electrolytic processes.
2. Date of commencement of commercial production: 25.08.1993.
3. Financial performance based on given indicators:

The comparative profit after tax of the company is as under:

	December 31, 2008 (Rs.)	December 31, 2009 (Rs.)	December 31, 2010 (Rs.)
Profit/(Loss) After Tax	17,340,000	1,382,097	30,602,030

4. Export performance : Rs. 25,775,129

5. Foreign investments or Collaborators: The company has Financial and Technical Collaboration with Oronzio De Nora International B.V. The Netherlands which holds 51.29% equity in the Company. In addition it has technical collaboration with Oronzio De Nora S.A., Switzerland and M/s. Electrometals Technologies Limited, Australia.

6. The company has not defaulted in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person.

### II. INFORMATION ABOUT THE APPOINTEE

Mr. S.C. Jain is M.Tech. in Chemical Engineering from IIT Delhi. He has over 35 years of experience in industry and he has been with the Company since its inception. He was inducted in the Board as a Whole-time Director in July 1997 and since April 1999, with the end of tenure of Mr. Gaudenzio Ferri as Managing Director; Mr. Jain became independently responsible for the day to day management of the Company. He was appointed as the Managing Director of the Company w.e.f. July 16th, 2007 for a term of three years, which expired on July 15th, 2010. His term was further extended for a period of 1 year, expiring on July 15, 2011.

As a Managing Director, Mr. S.C. Jain was and will be responsible for the overall management of the company. He shall also be the Occupier of the Factory. With his long standing experience he is ideally suitable for managing the day to day operations of the Company and to take the Company's business to higher level.

### The present remuneration package of Mr. S. C. Jain is as under:

- A) Salary:  
Rs.1,00,000/- p.m.
- B) Perquisites:  
In addition to the salary Mr. S.C. Jain shall be entitled to the following perquisites, namely rent-free furnished accommodation, medical reimbursement and such other payments in the nature of perquisites and allowances in accordance with the Rules of the company and any other performance related incentives as may be agreed / determined by the Board of Directors. The total value of perquisites together with salary shall be restricted upto 5% of the Net Profits computed in the manner laid down in Section 198(1) of the Companies



Act, 1956 in case of profits and Rs.3,000,000/-per annum in case of no profits or inadequacy of profits as per Part II Section II 1(B) of Schedule XIII of the Companies Act, 1956.

**C) Other Payments and Provisions:**

**i) Contribution to Provident Fund and Superannuation Fund:**

Contribution towards Provident Fund will be subject to a ceiling of 12% of Basic Salary. Contribution to Superannuation Fund together with Provident Fund shall not exceed 27% of the Salary as laid down in the Income Tax Rules, 1962. Provident Fund and Superannuation fund will not be included in the computation of the ceiling on the remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

**ii) Gratuity:** Gratuity shall be at the rate not exceeding half a month's salary for each completed year of service. Gratuity will not be included in the computation of the ceiling on the remuneration.

**iii) Leave and Leave Encashment :**

a) Leave and Leave Encashment is allowed during the tenure of appointment in the company and leave encashment during the tenure shall be included in the computation of perquisites.

b) Leave Encashment at the end of the tenure will not be included in the computation of perquisites.

**iv) Car & Telephone :** The Company shall provide a car with driver for business use and telephone facility at his residence. The provision of car for the use on Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the company to Mr. S. C. Jain.

Proposed Remuneration Package to Mr. S.C. Jain is as under:

The Remuneration Committee of the Board has approved an increase in Basic Salary to Rs. 1,08,000/- p.m. all other terms and conditions of the existing remuneration package to Mr. S. C. Jain remaining unchanged.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The company in relation to its size and the industry is not comparable. The remuneration of the Managing Director cannot be compared with any other corporate in the industry. However, taking into consideration the size of the company, the profile of the appointee, and the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages given to similar senior level appointees.

Mr. S. C. Jain is not related directly or indirectly with the company or with managerial personnel except in the manner described above.

**III. OTHER INFORMATION**

**1. Reasons of loss or inadequate profits:**

The Mercury Cell Plants are gradually being converted into Membrane Cell Plants and at this stage the company doesn't get the business of Anode/Cathodes coating since these are inbuilt in the new Cells and the complete set of Cell Elements are imported by the customers. The company is not in the business of manufacturing Cell Elements and the recoating business in respect of these Anode/Cathodes will come after 8 years. The Electrochlorination business is witnessing severe price competition due to entry of various small competitors having significant influence in their limited area of operation.

**2. Steps taken or proposed to be taken for improvement:** Company will look into new opportunities like Chlorate Cells & fabrication of Titanium equipments, Electrochlorinators with improved models & introduction of Solar Mac®7 and Platinised Titanium anodes which have been introduced in 2008.

**3. Expected increase in productivity and profits in measurable terms:**

Particulars	2011	2012	2013
Sales (Rs.)	390,985,000	372,063,300	308,424,050
Profit after tax (Rs.)	38,298,546	33,004,300	40,212,050

**IV. DISCLOSURES**

**1. The remuneration package of the Managing Director shall be as indicated above under the heading information about the appointee.**

**2. The relevant disclosures have been made in the Corporate Governance Report attached to the Annual Report.**

None of the Directors other than Mr. S. C. Jain are interested in the resolution.

By Order of the Board of Directors

Place : Kundaim - Goa

**MILITA RODRIGUES**

Dated : February 17, 2011

COMPANY SECRETARY



## DIRECTORS' REPORT

TO  
THE MEMBERS

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2010.

### FINANCIAL RESULTS

(RS. IN MILLION)

	2010	2009
Sales & Other Income (Net of duties)	<b>186.85</b>	155.33
Profit/(Loss) before Depreciation & Taxation	<b>40.22</b>	19.06
Provision for Depreciation	<b>(7.09)</b>	(6.49)
Provision for Taxation for current/prior years	<b>(8.90)</b>	(1.36)
Deferred Taxation (Liability)/ Asset for current/prior years	<b>6.37</b>	(9.83)
Net Profit after Tax	<b>30.60</b>	1.38
Balance of Profit brought forward	<b>81.28</b>	79.90
Transfer To General Reserves	<b>3.06</b>	–
Proposed Dividend	<b>27.78</b>	–
Tax on Dividend	<b>4.72</b>	–
Balance of Profit carried forward to next year	<b>76.33</b>	81.28

### DIVIDEND

The Directors of the company recommend a Dividend of 50% of paid-up capital for the year ended 31st December, 2010 absorbing an amount of Rs.32.50 Million of distributable profits, inclusive of tax on dividend as against NIL dividend for the previous year 2009.

### 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 approximately Rs.200 Million lumpsum turnkey project for the manufacture of 5 tonnes per day Sodium Chlorate Plant. The project has to be executed over a period of 17 months.

The Company is looking forward to maintain its position of market leader in Membrane recoating activity and Cathodic Protection Systems. Company will continue to focus on increase of export of Lida® Anodes for cathodic protection system & improved sales of specialty Anodes. The company expects improvement in recoating cycle business of Chlor Alkali business in future.

### DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Angelo Ferrari & Mr. Giuseppe Cambareri 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, 2011 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, 2010 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 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 17, 2011

**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, 2010.

Sr. No.	Name	Designation	Qualification	Experience (Years)	Date of Commencement of Employment	Remuneration (Rs.)	Age (Years)	Last Employment
1.	Mr. S.C. Jain	Managing Director	M. Tech.	35	01.12.1989	3,321,811	59	Dy. GM Services & Business Development Wimco Ltd.

### NOTES:

1. Remuneration here has the meaning assigned to it in the *Explanation* to Section 198 of the Companies Act, 1956. This amount includes Salary, Perquisites, Performance related bonus, Provident Fund and Superannuation Fund.
2. The above mentioned employee is not a relative of any Director of the Company.
3. The nature of employment is contractual.
4. The employee does not hold by himself or along with his dependants, two percent or more of the equity shares of the Company.

## 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. 20.10(a) and foreign exchange outgo is detailed in Note No. 20.10(b) to the Accounts.

For and On behalf of the Board of Directors

Place : Kundaim, Goa

Dated : February 17, 2011

**S. C. JAIN**

MANAGING 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 a lumpsum turnkey project for execution of 5 tonnes per day Sodium Chlorate Plant. Here DNIL will be geared up to make use of such opportunities in future.

### ELECTROCHEMICAL PRODUCTS PERFORMANCE

The company registered turnover of Rs.186.85 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 expired on 21.2.2011 and restricted the ban related only to the tenders of DGS&D. This is having minimal effect on the business of the Company. The Company has preferred an appeal in the Court by filing a petition and it was admitted by the Delhi High Court.

**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.186.85 million.

**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 it's 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 it's 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 31.12.2010

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	1	No	4	1	3
Mr. Luca Buonerba	Non-executive Director	( 1 + 3*)	No	-	-	-
Mr. Angelo Ferrari	Non-executive Director	1	No	-	-	-
Mr. Giuseppe Cambareri	Non-executive and independent Director	( 0 + 4#)	No	-	-	-
Mr. M.A. Sundaram	Non-executive and independent Director	4	Yes	-	-	-
Mr. S. C. Jain	Managing Director	5	Yes	-	-	-
<b>Alternate Directors</b>						
Mr. Krishan Khanna*	Non-executive director	3	Yes	-	-	-
Mr. R. V. N. P. R. Sardesai #	Non-executive and independent Director	4	Yes	-	-	-

Mr. Angelo Ferrari joined via Video/teleconference for 2 Audit Committee and 2 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 1 Audit Committee and 1 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	5,000	-	5,000
Mr. R. V. N. P. R. Sardesai	50,000	-	50,000
Mr. M.A. Sundaram	50,000	-	50,000
Mr. Angelo Ferrari	10,000	-	10,000
Mr. Giuseppe Cambareri	-	-	-
Mr. Krishan Khanna	15,000	-	15,000
Mr. Luca Buonerba	5,000	-	5,000

- The criteria for payment of Consultancy Fees to Mr. R. V. N. P. R. Sardesai towards Sales Tax Consultancy is as per the shareholders approval. The Company had acquired the expression of opinion by the Central Government to permit payment of professional fees to him, in accordance with Section 309(1) of the Companies Act, 1956.
- Sitting Fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.
- The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2010, except as stated above.
- Except Mr. P. N. Kapadia who holds 57000 equity shares and Mr. S. C. Jain who holds 1550 shares as at 31st December, 2010, no other Director of the Company is holding any shares of the Company.

*Remuneration to Managing Director*

Particulars	Amount in Rs.
Salary	12,00,000
Perquisites	
– Medical Reimbursement	1,47,811
– House Rent	1,80,000
– Insurance Premium	15,300
Performance related bonus	14,54,700
<b>Total</b>	<b>29,97,811</b>
Company's contribution to funds	
– Provident Fund	1,44,000
– Superannuation Fund	1,80,000

- (a) The Managing Director was reappointed w.e.f. 16.07.2007 for a period of 3 years in the 18th Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat. The tenure of the Managing Director had been extended for a

further period of one year w.e.f. 16.07.2010 by resolution passed by the shareholders in the 20th Annual General Meeting.

- (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 five meetings during the year 2010 on 24th February 2010, 12th March 2010, 30th April 2010, 30th July 2010 and 28th October 2010.

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 5 times during the year on 24-02-2010, 12-03-2010, 30-04-2010, 29-07-2010 and 28-10-2010.



In the absence of Mr. Giuseppe Cambareri, his Alternate Director Mr. R.V.N.P.R. Sardessai, attended all 5 meetings. Mr. M.A. Sundaram attended all the 5 meetings during the year, while Mr. Angelo Ferrari attended one meeting & was granted leave of absence for all the other 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.

**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
2007	Registered office	16.04.2008	11.00 a.m.	Nil	Nil
2008	Registered office	20.05.2009	11.00 a.m.	One	Extension of tenure of Managing Director
2009	Registered office	20.05.2010	11.00 a.m.	One	Nil

**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 24.02.2010 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. Sardessai 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, 2010.

12 requests for 1425 equity shares were received for Share Transfers and 50 requests for 6740 equity shares for dematerialisation were received during the year. The number of pending Share Transfers and requests for dematerialisation as on 31.12.2010 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 2010.

### 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 Friday, May 20th, 2011 at 11:00 A.M.
- Venue Regd. Office – Plot Nos. 184, 185 & 189 Kundaim Industrial Estate Kundaim, Goa – 403 115

### Financial Calendar (tentative)

Results for quarter ending March 31, 2011	Mid May, 2011
Results for quarter ending June 30, 2011	Mid August, 2011
Results for quarter ending September 30, 2011	Mid November, 2011
Results for quarter ending December 31, 2011	Mid February, 2012 Or

Audited Annual Results for year ending December 31, 2011 End February, 2012

**Date of Book Closure** : 16.05.2011 – 20.05.2011 (both days inclusive)

**Dividend Payment Date** : On or after the AGM on May 20, 2011.

### 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.)	High	Low
Jan-10	72.90	61.00	5310.85	4766.00
Feb-10	68.35	56.40	4992.00	4675.40
Mar-10	81.90	56.85	5329.55	4935.35
Apr-10	103.00	68.60	5399.65	5160.90
May-10	88.00	59.95	5278.70	4786.45
Jun-10	73.50	64.20	5366.75	4961.05
Jul-10	75.00	64.20	5477.50	5225.60
Aug-10	98.50	72.50	5549.80	5348.90
Sept-10	82.00	72.30	6073.50	5403.05
Oct-10	81.95	75.25	6284.10	5937.10
Nov-10	78.00	62.00	6338.50	5690.35
Dec-10	71.15	62.80	6147.30	5721.15



**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, 2010**

Category (No. of Shares)	No. of Shareholders	Per-centage	No. of Shares	Per-centage
Less than 500	5549	89.76	746914	13.45
501-1000	333	5.39	264953	4.77
1001-2000	163	2.64	246403	4.44
2001-3000	50	0.81	131392	2.37
3001-4000	28	0.45	98247	1.77
4001-5000	12	0.19	55090	0.99
5001-10000	22	0.36	153348	2.76
10001 and above	25	0.40	3858787	69.46
<b>TOTAL</b>	<b>6182</b>	<b>100.00</b>	<b>5555134</b>	<b>100.00</b>

**Shareholding Pattern as on December 31, 2010**

Category	No. of Shares held	Percentage of Share-holding
<b>A. Shareholding of Promoter and Promoter Group</b>		
1. Indian – Individuals	247366	4.45
2. Foreign – Institutions	2849500	51.29
<b>B. Public shareholding</b>		
<b>1. Institutions</b>		
a. Financial Institutions/ Banks	100	0.01
b. Foreign Institutional Investors	7460	0.13

Category	No. of Shares held	Percentage of Share-holding
<b>2. Non-Institutions</b>		
a. Bodies Corporate	220332	3.97
b. Non-Resident individuals/Foreign Individuals	111146	2.00
c. Individual shareholders/Others	2119230	38.15
<b>TOTAL</b>	<b>5555134</b>	<b>100.00</b>

**Dematerialisation of Shares & Liquidity:**

97.10% of the total equity share capital has been dematerialized upto December 31, 2010. The Company's Equity Shares are actively traded in NSE.

**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.rodriques@denora.com](mailto:milita.rodriques@denora.com)  
Website: [www.denoraindia.com](http://www.denoraindia.com)

**Compliance with Non-mandatory requirements**

**1. The Board**

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

The tenure of Independent Directors on the Board of the Company may exceed, in the aggregate, a period of nine years.

**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 31st December, 2010, 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 17, 2011

## **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, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 December, 2010 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, 2010;
    - 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

**Vijay Mathur**  
Partner

Place : Mumbai

Date : 17 February, 2011

Membership No.: 046476

### Annexure to the Auditors' Report – 31 December, 2010 (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. 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 and purchase of services 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, 2010 for a period of more than six months from the date they became payable.

There were no dues on account of cess under section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

- (b) 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.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Vijay Mathur**  
*Partner*

Place : Mumbai  
Date : 17 February, 2011

Membership No.: 046476



## BALANCE SHEET

as at 31st December, 2010  
(Currency: Indian Rupee)

	Schedules	31st Dec., 2010	31st Dec., 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	3	55,551,340	55,551,340
Reserves and surplus	4	204,397,894	206,292,009
		<u>259,949,234</u>	<u>261,843,349</u>
<b>Loan funds</b>			
Secured loans	5	-	12,955,557
		<u>259,949,234</u>	<u>274,798,906</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	6	147,856,067	149,279,312
Accumulated depreciation / amortisation		(89,409,192)	(83,901,925)
Net block		<u>58,446,875</u>	<u>65,377,387</u>
Capital work in progress		150,000	-
		<u>58,596,875</u>	<u>65,377,387</u>
<b>Investments</b>	7	120,731,527	110,975,384
<b>Deferred tax asset (net)</b>	8	6,365,875	-
<b>Current assets, loans and advances</b>			
Inventories	9	56,575,385	48,398,351
Sundry debtors	10	50,144,026	33,225,604
Cash and bank balances	11	16,454,678	40,321,224
Other current assets (Interest accrued on deposits)		508,311	379,854
Loans and advances	12	22,661,178	20,460,319
		<u>146,343,578</u>	<u>142,785,352</u>
<b>Current liabilities and provisions</b>			
Current liabilities	13	(29,518,662)	(31,861,753)
Provisions	14	(42,569,959)	(12,477,464)
		<u>(72,088,621)</u>	<u>(44,339,217)</u>
<b>Net current assets</b>		<u>74,254,957</u>	<u>98,446,135</u>
		<u>259,949,234</u>	<u>274,798,906</u>
<b>Significant accounting policies</b>	2		
<b>Notes to accounts</b>	20		

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

**Vijay Mathur**  
**Partner**  
Membership No.: 046476  
Mumbai  
February 17, 2011

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 17, 2011



## PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2010

(Currency: Indian Rupee)

	Schedules	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>Income</b>			
Manufactured sales (net of sales returns Rs. 571,824 : previous year Nil)		65,694,280	52,842,145
Less : Excise duty		(4,289,276)	(2,288,465)
Net sales		61,405,004	50,553,680
Trading income		10,476,707	3,267,344
<i>Service income</i>			
Recoating		93,488,564	72,139,042
Annual maintenance charges		3,203,951	6,269,884
		96,692,515	78,408,926
Other income	15	18,270,808	23,101,107
		186,845,034	155,331,057
<b>Expenditure</b>			
Cost of sales and services	16	62,662,768	43,680,916
Excise duty on intermediate product and Finished goods		884,807	(828,729)
Personnel costs	17	28,868,579	32,152,187
Other costs	18	54,082,401	61,243,923
Interest expense	19	117,530	19,847
Depreciation and amortisation	6	7,089,063	6,486,596
		153,705,148	142,754,740
<b>Profit before tax</b>		33,139,886	12,576,317
Provision for tax			
- Current (net of MAT credit utilise Rs. 1,175,150 : previous year Nil)		(8,903,731)	(1,756,812)
- Prior years write back (net of charge Rs. Nil : previous year Rs. 144,289)		-	555,849
- Deferred - credit / (charge)		6,365,875	(9,832,778)
- Fringe benefit tax		-	(160,479)
<b>Net Profit after tax</b>		30,602,030	1,382,097
Accumulated Profit brought forward		81,281,549	79,899,452
<b>Amount available for appropriations</b>		111,883,579	81,281,549
<b>Appropriations:</b>			
Transfer to general reserve		3,060,203	-
Proposed dividend for the year		27,775,670	-
Provision for tax on proposed dividend		4,720,475	-
<b>Balance carried to balance sheet</b>		76,327,231	81,281,549
<b>Basic and diluted earnings per share of face value of Rs. 10 each</b>	20.5	5.51	0.25
<b>Significant accounting policies</b>	2		
<b>Notes to accounts</b>	20		

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**  
**Chartered Accountants**  
 Firm's Registration No.: 128901W

**Vijay Mathur**  
**Partner**  
 Membership No.: 046476  
 Mumbai  
 February 17, 2011

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 17, 2011

**CASH FLOW STATEMENT**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>A Cash flow from operating activities</b>		
<b>Net Profit before tax for the year</b>	<b>33,139,886</b>	12,576,317
<b>Adjustments for non-cash and other items</b>		
Interest expense	117,530	19,847
Interest income	(314,521)	(3,382,139)
(Profit) / Loss on sale / scrapping of fixed assets	78,358	(74,705)
Depreciation and amortisation	7,089,063	6,486,596
Unrealised foreign exchange loss / (gain)	63,201	142,740
Provision for doubtful debts / advances written back	(2,615,142)	(6,001,069)
Bad debts / Advances written off	–	4,078,278
Dividends	(5,189,925)	(4,496,110)
(Profit) / Loss on redemption of mutual funds	59,050	(42,414)
Provision for warranty (write-back) / write-off (net)	(1,496,129)	4,521,608
Provision for inventories / write-off (net)	2,456,827	(6,209,031)
	<u>248,312</u>	<u>(4,956,399)</u>
<b>Operating profit before working capital changes</b>	<b>33,388,198</b>	7,619,918
<b>Changes in working capital</b>		
(Increase) / Decrease in Sundry debtors	(11,537,812)	11,534,051
(Increase) / Decrease in inventories	(10,340,979)	11,848,381
(Increase) / Decrease in loans and advances	(385,146)	2,856,538
(Decrease) / Increase in trade payables and other liabilities	(2,428,184)	(1,769,219)
(Decrease) / Increase in provisions	(4,787,038)	2,183,721
	<u>(29,479,159)</u>	<u>26,653,472</u>
Cash generated from operations	3,909,039	34,273,390
Income tax refunds / (payments)	(9,935,435)	2,700,530
<b>Net cash (used in)/generated from operating activities [A]</b>	<b>(6,026,396)</b>	36,973,920
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets and change in capital work in progress	(412,785)	(1,887,324)
Proceeds from sale of fixed assets	25,876	126,447
Interest received	186,064	4,483,004
Dividend received	2,673,822	4,496,110
Proceeds from redemption of mutual funds	307,011,419	139,121,944
Purchase of mutual funds	(314,251,459)	(162,203,391)
<b>Net cash (used in) investing activities [B]</b>	<b>(4,767,063)</b>	(15,863,210)



## CASH FLOW STATEMENT

for the year ended 31st December, 2010  
(Currency: Indian Rupee)

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>C Cash flow from financing activities</b>		
Increase / (Decrease) in short term borrowings	(12,955,557)	12,955,557
Dividend and distribution tax paid	-	(16,248,073)
Interest paid	(117,530)	(19,847)
<b>Net cash (used in) financing activities [C]</b>	<u>(13,073,087)</u>	<u>(3,312,363)</u>
<b>Net increase / (decrease) in cash and cash equivalents [A]+[B]+[C]</b>	<b>(23,866,546)</b>	17,798,347
<b>Cash and cash equivalents at the beginning of the year</b>	<u>40,321,224</u>	<u>22,522,877</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>16,454,678</u></u>	<u><u>40,321,224</u></u>
		-

### Notes:

1	Cash and cash equivalents comprise of		
	Cash in hand	12,539	44,319
	With Scheduled Banks		
	On Current accounts	14,812,139	13,646,905
	On Deposit accounts	1,630,000	26,630,000
		<u>16,454,678</u>	<u>40,321,224</u>

- 2 The above includes an amount of Rs. 2,140,372 (previous year Rs. 2,162,761) restricted in use on account of unpaid dividend and lien against Bank guarantees.

The accompanying Schedules 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

For and on behalf of the Board of Directors

**Vijay Mathur**  
**Partner**  
Membership No.: 046476  
Mumbai  
February 17, 2011

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

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

**Milita Rodrigues**  
**Company Secretary**  
Kundaim, Goa  
February 17, 2011



## Schedules to the Accounts

for the year ended 31st December, 2010

### 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.

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

Hitherto, the Company provided for depreciation on computers (including software) on SLM over a period of 6 years based on the rates prescribed under Schedule XIV to the Act. With effect from 1 January 2010, the management has revised the remaining useful life of these assets and provided depreciation on its remaining revised useful life of 3 years. Accordingly, the Company has provided higher depreciation of Rs. 838,335 during the year and consequently net profit for the year before tax is lower by this amount.

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.



## Schedules to the Accounts

for the year ended 31st December, 2010

The computer software is amortised over an expected benefit period of 3 years on a straight line basis. Refer note 2.3 above.

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 components, 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.

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.



## Schedules to the Accounts

for the year ended 31st December, 2010

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, deferred tax charge or credit and fringe benefit tax. 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 2010 to 31 March 2011, 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.

Provision for Fringe Benefits Tax was made on the basis of the applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961 and has been abolished w.e.f. 1 April 2009.

### 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 31st December, 2010

(Currency: Indian Rupee)

	As at 31st Dec., 2010	As at 31st Dec., 2009
<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>		
5,555,134 (previous year 5,555,134) equity shares of Rs. 10 each, fully paid up	<u>55,551,340</u>	<u>55,551,340</u>
	<u>55,551,340</u>	<u>55,551,340</u>

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.

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>4 Reserves and surplus</b>		
<b>Share premium account</b>	<u>94,022,630</u>	94,022,630
<b>General reserve</b>		
Balance at the commencement of the year	<u>30,987,830</u>	30,987,830
Additions during the year - transfer from Profit and Loss account	<u>3,060,203</u>	-
Balance at the end of the year	<u>34,048,033</u>	<u>30,987,830</u>
<b>Profit and Loss account</b>	<u>76,327,231</u>	<u>81,281,549</u>
	<u>204,397,894</u>	<u>206,292,009</u>

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>5 Secured loans</b>		
<b>From banks:</b>		
Cash credit facilities	<u>-</u>	<u>12,955,557</u>
	<u>-</u>	<u>12,955,557</u>

The cash credit facilities 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.



**Schedules to the Accounts**

as at 31st December, 2010  
(Currency: Indian Rupee)

**6 Fixed assets**

Description of assets	Gross Block			Accumulated Depreciation/amortisation			Net Block	
	As at 1-Jan-10	Additions during the year	Deletions during the year	As at 31-Dec-10	As at 1-Jan-10	Deletions during the year	As at 31-Dec-10	As at 31-Dec-09
Intangible assets								
Software	1,142,878	-	1,142,878	-	814,770	1,142,878	-	328,108
Tangible assets								
Leasehold land	1,856,520	-	-	1,856,520	650,082	19,542	669,624	1,206,438
Office building	2,614,836	-	-	2,614,836	620,658	38,772	659,430	1,994,178
Factory building	45,031,427	-	-	45,031,427	17,495,863	1,503,151	18,999,014	27,535,564
Plant and machinery	85,641,379	238,697	93,540	85,786,536	55,328,805	3,391,786	58,693,852	30,312,574
Furniture and fixtures	6,564,471	12,738	100,000	6,477,209	5,212,404	385,485	5,497,889	1,352,067
Motor cars	2,789,086	-	-	2,789,086	1,409,591	329,005	1,738,596	1,379,495
Computers	3,638,715	11,350	349,612	3,300,453	2,369,752	1,093,214	3,150,787	1,268,963
<b>Total</b>	149,279,312	262,785	1,686,030	147,856,067	83,901,925	7,089,063	89,409,192	65,377,387
Previous year	148,696,491	1,957,324	1,374,503	149,279,312	78,738,090	1,322,761	83,901,925	65,377,387

	As at 31-Dec-10	As at 31-Dec-09
Capital work in progress	150,000	-

Notes:

Capital work-in-progress including capital advance Rs. 150,000 (previous year Rs. Nil)

Refer Note 2.3 in respect of change in estimated



## Schedules to the Accounts

as at 31st December, 2010

(Currency: Indian Rupee)

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>7 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>		
1,140,336.557 (previous year 3,313,073.182) units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily dividend reinvestment option	11,437,349	33,235,094
Nil (previous year 2,596,764.900) units of HDFC High Interest Fund - Short Term Plan - Dividend payout option	-	27,500,000
Nil (previous year 790,750.368) units of HDFC High Interest Fund - Short term growth plan	-	14,327,685
4,000,000.000 (previous year Nil) units of HDFC Fixed Maturity Plan - 100D - XVII series - Dividend payout	40,000,000	-
3,994,647.169 (previous year Nil) units of HDFC Quarterly Interest Fund - Wholesale - Dividend payout	40,000,000	-
114,597.551 (previous year 110,595.847) units of Prudential ICICI Liquid Fund - Dividend reinvestment option	13,619,781	13,143,089
50,014.103 (previous year 2,241,237.322) units in Tata Floater Fund - Dividend reinvestment option	504,397	22,599,516
1,500,000.000 (previous year Nil) units in Tata Fixed Income Fund - Dividend payout	15,000,000	-
	<b>120,731,527</b>	<b>110,975,384</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	1,793,400	1,027,900
Aggregate book value of unquoted investment	120,561,527	110,805,384

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

	Face value	Number	Cost
HDFC - Liquid Fund - Dividend reinvestment option (Previous year)	-	-	-
HDFC - Cash Management Plus - Dividend reinvestment option (Previous year)	10.000	(3,283,606.584)	(33,891,117.20)
HDFC - Fixed Maturity Plan - Series XIV - Dividend payout (Previous year)	10.000	5,500,000.000	55,000,000.00
HDFC - Fixed Maturity Plan - Series XIII - Dividend payout (Previous year)	10.000	4,225,145.929	42,251,459.29
HDFC - Short term Opportunities Fund - Dividend payout (Previous year)	10.000	5,000,000.000	50,000,000.00
HDFC Cash Management Fund - Treasury Advantage Plan - Dividend reinvestment option (Previous year)	10.000	7,177,391.219	72,000,000.00
Prudential ICICI - Liquid Plan - Dividend reinvestment option (Previous year)	-	-	-
Prudential ICICI - Flexi Income Plan - Dividend reinvestment option (Previous year)	10.000	(918,917.505)	(10,914,260.00)
	10.000	(6,332.192)	(66,753.00)

**Schedules to the Accounts**

as at 31st December, 2010

(Currency: Indian Rupee)

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>8 Deferred tax asset (net)</b>		
Deferred tax assets		
– in respect of provision for warranty / recoating	2,228,556	2,571,650
– in respect of provision for doubtful debts and advances	2,138,294	3,084,909
– in respect of technical know how amortisation	23,311	31,804
– in respect of provision for gratuity allowance	198,555	458,485
– in respect of provision for services	–	622,196
– in respect of provision for inventory*	7,790,188	–
– in respect of provision for leave encashment/availment	624,432	993,687
	<u>13,003,336</u>	<u>7,762,731</u>
Deferred tax liabilities		
on temporary timing differences		
– in respect of depreciation allowance	6,637,461	7,762,731
	<u>6,637,461</u>	<u>7,762,731</u>
	<u>6,365,875</u>	<u>–</u>

Note: In the previous year, on consideration of prudence, the deferred tax asset was recognised only to the extent of deferred tax liability, as this amount was considered to be virtually certain of realisation. \*The remaining deferred tax asset was not recognised as it was not considered to be virtually certain of realisation.

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>9 Inventories</b>		
Raw materials	37,104,837	34,415,508
<i>[including goods in transit Rs. 5,926,848 (Previous year Rs. 118,258)]</i>		
Consumable stores and spares	1,811,390	2,063,460
<i>[including loose tools Rs. 371,566 (previous year Rs. 334,768)]</i>		
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>



### Schedules to the Accounts

as at 31st December, 2010

(Currency: Indian Rupee)

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>10 Sundry debtors</b>		
<i>(Unsecured)</i>		
Debts outstanding for more than six months		
(a) considered good	3,023,125	241,128
(b) considered doubtful	4,759,130	8,511,591
	<u>7,782,255</u>	<u>8,752,719</u>
Other debts		
(a) considered good *	47,120,901	32,984,476
(b) considered doubtful	1,010,531	-
	<u>48,131,432</u>	<u>32,984,476</u>
	<b>55,913,687</b>	41,737,195
Provision for doubtful debts	<u>(5,769,661)</u>	<u>(8,511,591)</u>
	<u><b>50,144,026</b></u>	<u>33,225,604</u>
* Includes the following sums receivable from companies under the same management within the meaning of Section 370 (1B):		
De Nora Deutschland GmbH	357,682	30,305
De Nora Elettrodi (Suzhou) Ltd.	315,199	241,071
De Nora Tech Inc.	-	583,915

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>11 Cash and bank balances</b>		
Cash in hand	12,539	44,319
Balances with scheduled banks		
- in current accounts	14,812,139	13,646,905
- in deposit accounts	1,630,000	26,630,000
[of which under lien against Bank Guarantees Rs. 646,938 (previous year Rs. 646,938)]		
	<u>16,454,678</u>	<u>40,321,224</u>



**Schedules to the Accounts**

as at 31st December, 2010  
(Currency: Indian Rupee)

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>12 Loans and advances</b>		
<i>(Unsecured)</i>		
Considered good		
Advances recoverable in cash or in kind or for value to be received <sup>^</sup>	3,787,145	4,295,815
Taxes paid in advance	16,360,990	14,442,027
<i>(net of provision Rs. 16,825,912 (previous year Rs. 20,292,341))</i>		
Fringe benefit tax paid in advance	221,611	221,611
Deposits	2,291,432	1,500,866
	<u>22,661,178</u>	<u>20,460,319</u>
 <i>Considered doubtful</i>		
Advances recoverable in cash or in kind or for value to be received	667,591	564,341
Deposits	-	-
	<u>667,591</u>	<u>564,341</u>
	<u>23,328,769</u>	<u>21,024,660</u>
Provision for doubtful deposits / advances	<u>(667,591)</u>	<u>(564,341)</u>
	<u>22,661,178</u>	<u>20,460,319</u>

<sup>^</sup> Includes amount receivable from a director of Rs. Nil (previous year Rs. Nil). The maximum balance outstanding during the year amounted to Rs 328,480 (previous year Rs. 100,228).

	As at 31st Dec., 2010	As at 31st Dec., 2009
<b>13 Current liabilities</b>		
Sundry creditors **	22,448,133	25,191,735
Advances received from customers	964,344	2,013,340
Unclaimed dividend ***	1,493,434	1,515,823
Other liabilities	4,612,751	3,140,855
	<u>29,518,662</u>	<u>31,861,753</u>

\*\* Based on the information and records available with the Company, there are no dues outstanding as at 31 December 2010, 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., 2010	As at 31st Dec., 2009
<b>14 Provisions</b>		
Income tax [net of advance tax Rs. 7,575,985 (previous year Rs. Nil)]	887,259	-
Proposed dividend	27,775,670	-
Tax on proposed dividend	4,720,475	-
Gratuity	597,742	1,348,882
Leave encashment / sick leave	1,879,830	2,923,470
Recoating / warranty	6,708,983	8,205,112
	<u>42,569,959</u>	<u>12,477,464</u>



### Schedules to the Accounts

for the year ended 31st December, 2010

(Currency: Indian Rupee)

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>15 Other income</b>		
Profit on switch/redemption of current investments [net of loss on redemption Rs. Nil (previous year Rs. 62,945)]	–	42,414
Profit on sale of assets [net of loss Rs. Nil (previous year Rs. 33,542)]	–	74,705
Dividend on current investments - non trade	5,189,925	4,496,110
Writeback of warranty provision (net)	1,496,129	–
Writeback of provision for bad debts / advances	2,615,142	6,001,069
Interest income		
- On bank deposits (tax deducted at source Rs. 44,534 (previous year Rs. 130,204))	314,521	694,006
- Interest on income tax refunds	–	2,666,763
- On employee loans	18,969	21,370
Exchange gain [net of loss Rs. 2,212,540 (previous year Rs. Nil)]	547,213	–
Deputation Charges	3,091,597	6,620,661
Commission	756,717	1,107,734
Other miscellaneous income	4,240,595	1,376,275
	<u>18,270,808</u>	<u>23,101,107</u>
<b>16 Cost of sales and services</b>		
Purchases of raw materials and consumables	63,504,095	30,284,718
Installation, commissioning and repairs costs of electrochlorinators	6,537,599	7,007,217
Jobwork charges	345,296	171,775
Packing charges	452,812	577,857
	<u>70,839,802</u>	<u>38,041,567</u>
<b>Add : Opening inventories</b>		
- Raw materials	34,415,508	38,935,197
- Consumable stores and spares	2,063,460	1,975,246
- Work-in-progress	6,404,789	4,021,594
- Finished goods	5,514,594	9,105,663
	<u>48,398,351</u>	<u>54,037,700</u>
<b>Less : Closing 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>(Increase) / Decrease in inventories</b>	<u>(8,177,034)</u>	<u>5,639,349</u>
	<u>62,662,768</u>	<u>43,680,916</u>

**Schedules to the Accounts**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>17 Personnel costs</b>		
Salaries, wages and bonus	23,832,109	27,084,086
Gratuity	515,831	857,290
Contribution to provident and other funds	2,215,366	2,159,788
Staff welfare	2,305,273	2,051,023
	<u>28,868,579</u>	<u>32,152,187</u>

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>18 Other costs</b>		
Travelling and conveyance	8,007,205	8,487,375
Power, fuel and water	3,700,349	3,581,125
Commission	3,474,124	3,641,647
Business development/ promotion expenses and discount	893,822	1,018,494
Royalty/ technical know-how fees	5,771,713	4,710,880
Professional and legal consultancy	18,196,097	18,414,587
Freight	2,146,324	1,098,488
Write off /provision for bad and doubtful debts/advances	–	4,078,278
Provision for warranty	–	4,521,608
Communications	874,985	975,172
Bank charges	609,342	1,068,804
Repairs and maintenance :		
- on plant and machinery	185,230	325,558
- on building	2,198,081	635,048
- others	800,036	935,189
Office maintenance and housekeeping charges	2,196,535	1,464,498
Audit fees (Refer Schedule 20.6)	633,658	634,801
[Excluding service tax Rs. 36,893 (previous year Rs. 39,088)]		
Exchange loss [net of gain Rs. Nil (previous year Rs. 1,065,815)]	–	170,519
Donations	11,000	46,600
Insurance	1,123,853	894,863
Rent	225,500	218,500
Rates and taxes	180,247	629,202
Loss on switch/redemption of current investments [net of profit on redemption Rs. 6,872 (previous year Rs. Nil)]	59,050	–
Loss on sale/scraping of assets [net of profit of Rs. 10,000 (previous year Nil)]	78,358	–
Miscellaneous expenses	2,716,892	3,692,687
	<u>54,082,401</u>	<u>61,243,923</u>



### Schedules to the Accounts

for the year ended 31st December, 2010

(Currency: Indian Rupee)

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>19 Interest expense</b>		
Interest on cash credit facility	99,201	19,518
Others	18,329	329
	<u>117,530</u>	<u>19,847</u>

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>20 Notes to accounts</b>		
<b>20.1 Contingent liabilities</b>		
<i>Claims in respect of:</i>		
Excise matters	1,467,590	1,868,748

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>20.2 Capital and other commitments</b>		
a) Bank guarantees given by Company comprise of the following:		
- Against product performance	10,749,597	13,384,175
- Against export commitments to customs authorities	868,371	4,248,673

Estimated amounts of contracts remaining to be executed on capital account and not provided for as on 31 December, 2010 aggregate Rs. 375,000 net of capital advances Rs. 225,000 (previous year Rs. Nil net of capital advances Rs. Nil).

	Year ended 31st Dec., 2010	Year ended 31st Dec., 2009
<b>20.3 Managerial remuneration</b>		
Salary	1,200,000	1,200,000
Perquisites	343,111	211,137
Performance based incentive	1,454,700	1,264,000
	<u>2,997,811</u>	<u>2,675,137</u>
Contribution to Superannuation fund	180,000	180,000
Contribution to provident and family pension fund	144,000	144,000
	<u>324,000</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.



**Schedules to the Accounts**

for the year ended 31st December, 2010  
(Currency: Indian Rupee)

**20.4 Related party transactions**

**a) Parties where control exists**

Name of related party	Relationship
Oronzio De Nora International B.V.	Holding Company (holds 51.29% of the equity share capital as at 31 December, 2010)
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')

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

Transactions	UHC	EUCC	FS	KMP	Total
Purchase of raw materials, trading goods and spares	<b>11,003,221</b> (3,322,726)	<b>1,024,437</b> (443,518)	<b>728,400</b> (483,864)	- (-)	<b>12,756,058</b> (4,250,108)
Commission paid	<b>204,165</b> (123,785)	- (-)	- (-)	- (-)	<b>204,165</b> (123,785)
Purchase of capital Goods	- (868,450)	- (-)	- (-)	- (-)	- (868,450)
Purchase of services	<b>13,973,904</b> (15,713,442)	- (876,029)	<b>124,267</b> (-)	- (-)	<b>14,098,171</b> (16,589,471)
Payment of Royalty	<b>5,771,713</b> (4,710,880)	- (-)	- (-)	- (-)	<b>5,771,713</b> (4,710,880)
Reimbursement of expenses	<b>150,319</b> (107,599)	- (-)	- (-)	- (-)	<b>150,319</b> (107,599)
Sale of goods and services	- (-)	<b>97,528</b> (367,631)	<b>1,833,736</b> (7,567,681)	- (-)	<b>1,931,264</b> (7,935,312)
Commission received	- (-)	<b>756,717</b> (1,093,767)	- (13,967)	- (-)	<b>756,717</b> (1,107,734)
Recovery of expenses	<b>995,678</b> (4,418,251)	<b>2,095,919</b> (37,165)	- (2,266,304)	- (-)	<b>3,091,597</b> (6,721,720)
Dividends paid	- (7,123,750)	- (-)	- (-)	- (-)	- (7,123,750)
Remuneration	- (-)	- (-)	- (-)	<b>3,321,811</b> <b>(2,999,137)</b>	<b>3,321,811</b> <b>(2,999,137)</b>
Advance given and repaid	- (-)	- (-)	- (-)	<b>328,480</b> (-)	<b>328,480</b> (-)
Balance outstanding as on 31 December, 2010					
- Receivables	- (152,387)	<b>315,199</b> (824,986)	<b>357,682</b> (30,305)	- (-)	
- Payables	<b>9,995,171</b> (10,989,414)	- (876,029)	<b>261,806</b> (12,245)	- (-)	

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



### Schedules to the Accounts

for the year ended 31st December, 2010  
(Currency: Indian Rupee)

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

Name of the related party	Transactions	2010	2009
Industrie De Nora S.p.A., Italy	Purchase of raw materials trading goods and spares	11,003,221	3,322,726
De Nora Tech Inc., USA	Purchase of raw materials trading goods and spares	1,024,437	–
De Nora Deutschland GmbH, Germany	Purchase of raw materials trading goods and spares	728,400	483,864
De Nora Elettrodi (Suzhou) Co. Ltd., China	Purchase of raw materials trading goods and spares	–	443,518
Industrie De Nora S.p.A., Italy	Purchase of capital goods	–	868,450
Industrie De Nora S.p.A., Italy	Purchase of services	13,973,904	15,713,442
De Nora Tech Inc., USA	Purchase of services	–	876,029
De Nora Deutschland GmbH, Germany	Purchase of services	124,267	–
Industrie De Nora S.p.A., Italy	Payment of commission	204,165	123,785
Industrie De Nora S.p.A., Italy	Reimbursement of expenses	150,319	107,599
Industrie De Nora S.p.A., Italy	Payment of Royalty	5,771,713	4,710,880
Oronzio De Nora International B.V., Netherlands	Dividends paid	–	7,123,750
Industrie De Nora S.p.A., Singapore branch	Sale of goods and services	97,528	–
De Nora Deutschland GmbH, Germany	Sale of goods and services	1,833,736	7,567,681
Industrie De Nora S.p.A., Italy	Recovery of expenses incurred on behalf of group companies	995,678	4,418,251
De Nora Elettrodi (Suzhou) Co. Ltd., China	Recovery of expenses incurred on behalf of group companies	2,095,919	2,266,304
De Nora Deutschland GmbH, Germany	Recovery of expenses incurred on behalf of group companies	–	37,165
De Nora Tech Inc., USA	Commission received	756,717	1,093,767
De Nora Deutschland GmbH, Germany	Commission received	–	13,967
Uhdenora S.p.A., Italy	Sale of goods and services	–	367,631



**Schedules to the Accounts**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

**20.5 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.

	2010	2009
Weighted average number of equity shares outstanding during the year	5,555,134	5,555,134
Net profit after tax available for equity shareholders	30,602,030	1,382,097
Basic and diluted earnings per equity share of Rs. 10 each	5.51	0.25

**20.6 Auditors' remuneration**

	2010	2009
As auditors		
a) audit fees*	450,000	450,000
b) other matters	100,000	100,000
c) Out of pocket expenses (includes Rs. Nil (previous year 24,121) in respect of previous years))	83,658	84,801
	<u>633,658</u>	<u>634,801</u>

[Excluding service tax Rs. 36,893 (previous year Rs. 39,088)]

\* 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.

**20.7 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	146,647,411 (103,083,195)	25,775,129 (36,875,150)	– –	172,422,540 (139,958,345)
Carrying amount of segment assets	187,684,971 (191,891,219)	672,881 (1,607,882)	143,680,003 (125,639,022)	332,037,855 (319,138,123)

Figures in brackets relate to the previous year transactions.

**20.8 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.



## Schedules to the Accounts

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(Currency: Indian Rupee)

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 :

	2010	2009
Opening carrying amount	8,205,112	3,683,504
Additional provisions made during the year	680,795	4,521,608
Unused amounts reversed during the year	2,176,924	-
Closing carrying amount	6,708,983	8,205,112

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.

### 20.9 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. 2,215,366 (previous year Rs. 2,159,788) has been charged to the revenue account in this respect, comprising of the following:

	2010	2009
Provident Fund	900,203	827,791
Family Pension Fund	488,118	520,477
Superannuation Fund	827,045	811,520
Total	<u>2,215,366</u>	<u>2,159,788</u>

#### 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**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

i. Reconciliation of opening and closing balance of obligation

	2010	2009
Liability at the beginning of the year	5,536,162	4,650,726
Current service cost	328,778	298,305
Interest cost	439,871	334,827
Benefits paid	-	(331,568)
Actuarial (gain) / loss on obligations	204,931	583,872
Liability at the end of the year	<u>6,509,742</u>	<u>5,536,162</u>

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

	2010	2009
Fair value of plan assets at the beginning of the year	4,187,280	3,825,821
Expected return on plan assets	457,749	359,714
Contributions by the employer	1,266,971	333,313
Benefits paid	-	(331,568)
Actuarial (gain) / loss on plan assets	-	-
Fair value of plan assets at the end of the year	<u>5,912,000</u>	<u>4,187,280</u>

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

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

	2010	2009
Current service cost	328,778	298,305
Past service cost	-	-
Interest expense	439,871	334,827
Expected return on investment	(457,749)	(359,714)
Net actuarial (gain) / loss	204,931	583,872
Expenses/ (income) recognised in the profit and loss account	<u>515,831</u>	<u>857,290</u>

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

	2010	2009
Present value of the commitment	6,509,742	5,536,162
Fair value of plan assets	5,912,000	4,187,280
Net liability/ (asset) recognised in the balance sheet	<u>597,742</u>	<u>1,348,882</u>

v. Actual return on plan assets

	2010	2009
Expected return on plan assets	457,749	359,714
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	<u>457,749</u>	<u>359,714</u>



### Schedules to the Accounts

for the year ended 31st December, 2010

(Currency: Indian Rupee)

#### vi. Principal actuarial assumptions

	2010	2009
Discount rate	8.00%	7.50%
Expected rate of return on plan assets	10.93%	9.15%
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.

### 20.10 Transactions in foreign currency

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

	2010	2009
Value of exports on a Free On Board ('FOB') basis	21,926,815	29,146,755
Income from services	–	94,414
Recovery of charges	3,091,597	6,620,661
Commission received	756,717	1,107,734
	<u>25,775,129</u>	<u>36,969,564</u>

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

	2010	2009
Travelling expenses	227,033	484,246
Purchase of services	14,754,795	16,690,170
Royalty	5,771,713	4,710,880
Reimbursement of expenses	649,510	107,599
Commission	777,792	726,929
	<u>22,180,843</u>	<u>22,719,824</u>

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

	2010	2009
Amount remitted in foreign currency	–	7,123,750
Dividend for the year ended	–	31-Dec-08
Number of non-resident share holders	–	1
Number of shares held	–	2,849,500



**Schedules to the Accounts**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

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

	2010	2009
Raw material	28,122,884	15,464,353
Capital goods	-	1,404,640
Stores	-	64,019
	<u>28,122,884</u>	<u>16,933,012</u>

e) Foreign currency exposures

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

	2010		2009	
	Rs.	Euros (€)	Rs.	Euros (€)
i. Amounts denominated in Euros				
Receivable towards export of goods and services	676,715	11,268	844,944	12,607
Receivable towards advances made for imports	4,699,271	78,248	-	-
Payable towards advances received for exports	10,866	180	-	-
Payable towards import of goods and services	4,477,990	74,179	6,942,361	103,587
Payable towards Royalty	5,771,713	96,582	4,710,880	70,291

	2010		2009	
	Rs.	USD (\$)	Rs.	USD (\$)
ii. Amounts denominated in US Dollars ('USD')				
Receivable towards export of goods and services	-	-	583,916	12,488
Payable towards import of goods and service	-	-	876,029	18,735

	2010		2009	
	Rs.	SGD (\$)	Rs.	SGD (\$)
iii. Amounts denominated in Singapore Dollars ('SGD')				
Receivable towards export of goods and services	-	-	179,022	5,386

**20.11 Quantitative information**

a) Details of capacity and production

	Unit of measure	2010	2009
<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



### Schedules to the Accounts

for the year ended 31st December, 2010

(Currency: Indian Rupee)

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.	2,525	2,525

	Unit of measure	2010	2009
<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	2010	2009
<b>iii. Details of actual production</b>			
Coated metal electrodes (anodes and cathodes) *	Sq. Mtr.	7.07	132.20
Electrochlorinators	Nos.	31	51
Cathodic protection (anti corrosion) systems	Sq. Mtr.	547.77	192.92
Electro Metal wining	Nos.	–	–

\* Production of coated metal electrodes excludes recoating of customers' anodes 3,496.92 sq. mtrs. (previous year 2,746.93 sq. mtrs.)

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

	Unit of measure	YEAR ENDED 2010		YEAR ENDED 2009	
<b>i. Opening stock</b>					
Coated metal electrodes (anodes and cathodes)	Sq.Mtr.	233.31	2,498,210	209.90	6,975,845
Cathodic protection systems	Sq.Mtr.	@11.87	27,605	@38.12	1,348,849
Electrochlorinators	Nos.	38	2,988,778	11	694,058
Electro Metal winning		1	–	1	86,911
			<u>5,514,594</u>		<u>9,105,663</u>
<b>ii. Closing stock</b>					
Coated metal electrodes (anodes and cathodes)	Sq.Mtr.	163.31	6,928,062	233.31	2,498,210
Cathodic protection system	Sq.Mtr.	89.25	1,519,428	@11.87	27,605
Electrochlorinators	Nos.	12	417,475	38	2,988,778
Electro Metal winning	Nos.	1	–	1	–
			<u>8,864,965</u>		<u>5,514,594</u>



**Schedules to the Accounts**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

@ Cathodic protection (anti corrosion) systems include 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.

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

	Unit of measure	Quantity	2010	Quantity	2009
i. <i>Sales of manufactured and traded products</i>					
Coated metal anodes	Sq. Mtr.	77.07	6,028,103	108.80	12,745,246
Electrochlorinators	Nos.	57	18,350,867	24	7,723,196
Cathodic protection (anti corrosion) systems	Sq. Mtr.	470.39	46,513,115	@219.17	33,352,582
Electro Metal Winning	Nos.	–	989,626	–	–
			<u>71,881,711</u>		<u>53,821,024</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.

	Unit of measure	Quantity	2010	Quantity	2009
ii. <i>Services</i>					
Recoating and repair of customers' anodes	Sq. Mtr.	2,985.20	93,448,564	2,663.81	72,139,042
iii. <i>Others</i>		*	3,203,951	*	6,269,884

\* 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	2010	Quantity	2009
Chemicals	Kg	11,659	19,085,899	12,614	9,877,743
Titanium metal	Kg	2,491	6,375,283	1,684	5,291,200
Titanium structure including meshes	Nos.	30	2,696,721	40	1,444,187
Canisters/ strings/ strips/ cables		*	4,781,229	*	5,493,372
Components for electro chlorinators		*	5,992,679	*	7,430,192
Others			7,696,819		4,496,597
			<u>46,628,631</u>		<u>34,033,291</u>

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



### Schedules to the Accounts

for the year ended 31st December, 2010

(Currency: Indian Rupee)

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

	2010		2009	
	Value (Rs.)	% of total consumption	Value (Rs.)	% of total consumption
Raw material				
Imported	30,238,072	65	21,836,828	64
Indigenous	16,390,558	35	12,196,463	36
	<u>46,628,631</u>	100	<u>34,033,291</u>	100
Stores and spares				
Imported	–	–	–	–
Indigenous	4,907,931	100	2,626,412	100
	<u>4,907,931</u>	100	<u>2,626,412</u>	100

#### 20.12 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, 2010. 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, 2010. Management believes that the company's international transactions with associated enterprises post 31 March, 2010 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.

#### 20.13 Prior year figures

Previous year's figures have been regrouped / reclassified to conform to the current year's presentation.

For **B S R and Associates**

**Chartered Accountants**

Firm's Registration No.: 128901W

For and on behalf of the Board of Directors

**Vijay Mathur**

**Partner**

Membership No.: 046476

Mumbai

February 17, 2011

**S. C. Jain**

**Managing Director**

**M. A. Sundaram**

**Director**

**Milita Rodrigues**

**Company Secretary**

Kundaim, Goa

February 17, 2011



**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31st December, 2010

(Currency: Indian Rupee)

**Balance sheet abstract and general business profile**

**I Registration details**

Registration No.      State code

Balance sheet date

**II Capital raised during the year (Amount rupees in thousands)**

Public issue       Rights issue

Bonus issue       Private placement

**III Position of mobilisation and deployment of funds (Amount rupees in thousands)**

Total liabilities       Total assets

**Sources of funds**

Paid up capital      Reserves and surplus

Secured loans       Unsecured loans

**Application of funds**

Net fixed assets      Investments

Net current assets      Miscellaneous expenditure

Deferred tax asset     Accumulated loss

**IV Performance of the Company (Amount rupees in thousands)**

Turnover       Total expenditure

Profit/ (loss) before tax       Profit/ (loss) after tax

Earnings per share      Dividend rate

**V Generic names of principal product of the Company (as per monetary terms)**

Item code no. (ITC code)

Product description

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

**S. C. Jain**  
Managing Director  
Kundaim, Goa  
February 17, 2011

**M. A. Sundaram**  
Director

**Milita Rodrigues**  
Company Secretary



# DE NORA INDIA LIMITED

## ATTENDANCE SLIP

(To be presented at the entrance)

**22<sup>nd</sup> ANNUAL GENERAL MEETING on May 20, 2011 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 22<sup>nd</sup> Annual General Meeting of DE NORA INDIA LIMITED to be held on Friday, 20<sup>th</sup> May, 2011 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 \_\_\_\_\_, 2011 Signature : \_\_\_\_\_

affix  
Re.1  
Revenue  
Stamp



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

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

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

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

Dear Sirs

**Nomination**

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

**Name and address of Nominee**

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

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

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

\*\*The Nominee is a minor. I/We appoint \_\_\_\_\_

\_\_\_\_\_ (Name and address of the guardian), to receive the shares and/or the amount payable in respect of share(s) in the event of my/our/minor's death during the minority of the nominee.

(\* To be deleted if not applicable)

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

Address \_\_\_\_\_

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

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

Address \_\_\_\_\_

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

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

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

**Signatures of Witnesses:**

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

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

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

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

**Instructions:**

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



**DE NORA INDIA LIMITED**

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

To:

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

Dear Sir/Madam,

**NOMINATION FACILITY**

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

Yours faithfully,

Date:

*Authorised Signatory*





## DE NORA INDIA LIMITED

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

The Company provides the facility of ECS/NECS to all Shareholders. Shareholders holding shares in the physical form and who wish to avail this facility, may authorise the Company with their ECS/NECS Mandate in the prescribed form. The duly filled in ECS/NECS Mandate should be lodged with the Registrar & Transfer Agents on or before May 13, 2011. Shareholders holding shares in electronic form should inform the same to their respective Depository Participant immediately.

### 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.