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REGISTRAR & TRANSFER AGENT		REGISTERED OFFICE & WORKS	
Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2 nd Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072		PLOT NOS. 184,185 & 189 KUNDAIM INDUSTRIAL ESTATE KUNDAIM, GOA – 403 115 Tel.: 91-832-3981100 Fax.: 91-832-3981101 Email: denoraindia@denora.com Website: www.denoraindia.com	
BANKERS			
BANK OF BARODA			
AXIS BANK LTD.			

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NOTICE

Notice is hereby given that the twenty fourth Annual General Meeting of DE NORA INDIA LIMITED will be held on May 8, 2013 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, 2012 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. M. A. Sundaram 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 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-enactments thereof and all other statutory provisions, if any, the consent of the shareholders be and is hereby accorded to the appointment of Mr. Vinay Chopra, as Manager for a period of 3 (three) years with effect from July 16, 2013 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 I of Part II in case of Profits and Section II 1 (B) of Part II in case of inadequacy of Profits, of Schedule XIII to the Companies Act, 1956, or any amendments thereto as may be required from time to time, and agreed by the Board of Directors and Mr. Vinay Chopra.

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 21, 2013

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.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from May 6, 2013 to May 8, 2013 (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, 2005 which remain unclaimed till May 3, 2013 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 June 2, 2013.



Unclaimed and unpaid Dividend for the Financial Year 1996, 1997, 1998, 2003 and 2004 has already been transferred to "Investors Education and Protection Fund" on October 24, 2003, October 13, 2004, October 10, 2005, June 27, 2011 and April 20, 2012 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
2nd 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. 5157822 number of Company's shares (97.15%) have been dematerialized as on 31-12-2012.

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

- l) The Company provides the facility of NECS to all Shareholders. Shareholders holding shares in the physical form who wish to avail this facility, may authorize the Company with their NECS mandate in the prescribed form, attached with this Annual Report. The duly filled in NECS mandate should be lodged with the Registrar & Transfer Agents, on or before May 3, 2013. Shareholders holding shares in electronic form should inform the same to their respective Depository Participants immediately.
- m) Members are also requested to register and update their e-mail address with the Company in order to receive various documents through electronic mode.

INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT

- I. Name : Mr. M.A. Sundaram
Age : 80 years

Qualification : IRAS (Retd.) Studied Modern Management Techniques in USA & Canada on a UN Fellowship. (1972-73)

Expertise : He joined Indian Railways Accounts Service in 1957 and served for 20 years at various Railway Divisions. He was selected as Finance

Director of Bongaigaon Refineries & Petrochemicals Ltd. (BRPL 1977-1981) by Public Enterprises Selection Board. Acted as Vice-President (Finance) Zuari Industries 1981-1990 and Vice-President (Finance) Reliance Industries Ltd. from 1990-1992 where he was looking after Reliance Petrochemicals Ltd.'s Hazira Project. He was Consultant to Deepak Fertilizer & Petrochemicals Corp. Ltd. He is associated with Goa Institute of Management and Goa University's Department of Management Studies as a Visiting Faculty.

Other Directorship/ Committee Membership.

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

Details of Shareholding : Nil

- II. Name : Mr. Giuseppe Cambareri
Age : 48 years

Qualification : He graduated magna cum laude from University of Rome, Faculty of Law, in 1988 and received post-graduate legal education at the British Institute of International and Comparative Law in London in 1990 and the International centre of Study of the European Community in Milan in 1994. Mr. Cambareri was admitted to the Milan Barristers Association in 1991 and qualified to plead before the Italian and the European High Courts in 2004. He is a member of the International Bar Association (IBA) and the London Court of International Arbitration (LCIA).

Expertise : He has practiced law since 1988 with international and national law firms (Andersen Legal, Coudert Brothers, Studio Legale Cannata Pierallini). He founded in 2009 Cambareri – Studio di Avvocati, an independent law firm with offices in Milan and Rome. He is active in advising national and international clients on a broad range of legal matters, including corporate law and contracts, M&A transactions, investment arrangements, shareholders agreements, joint ventures and corporate alliances, securities and stock exchange regulations, competition law and merger control regulations. He advises clients on wide array of cross-borders contracts and commercial matters including international sales of goods, supply contracts and turn-key projects, IP licenses, agency, consumer and product law. He has been counsel or arbitrator in domestic and international litigations and expert witness on question of Italian law before foreign Courts.

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



ANNEXURE TO NOTICE

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

Item 6

The Board of Directors at their Meeting held on February 21, 2013, subject to the approval of the Shareholders, have appointed Mr. Vinay Chopra as Manager for a period of three years w.e.f. July 16th, 2013 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, 2010 (Rs.)	December 31, 2011 (Rs.)	December 31, 2012 (Rs.)
Profit/(Loss) after Tax	30,602,030	47,819,797	133,070,223

4. Export performance : Rs. 26,261,177
5. Foreign investments or Collaborators: The company has Financial and Technical Collaboration with Oronzio De Nora International B.V. The Netherlands which holds 53.67% equity in the Company. In addition it has technical collaboration with Oronzio De Nora S.A., Switzerland.
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. Vinay Chopra is a Post Graduate in Management, Graduate in Industrial Engineering and has a Diploma in Mechanical Engineering. He has over 20 years of experience in this industry and he has been with the Company since 1990.

Mr. Vinay Chopra joined De Nora India Limited (formerly known as Titanor Components Limited) at Rampur in the Production department. He was successful in the production department of the Company till the year 2007. In 2007, he moved to the Marketing department as head of Oxygen products of De Nora (Cathodic Protection, Surface Finishing, Electrochlorinators). In 2012, he has been appointed as Dy. General Manager in anticipation of progressive dis-engagement from operative matters of Mr. S. C. Jain and thereafter he has been appointed as General Manager.

As a Manager Mr. Vinay Chopra will be responsible for the overall management of the company. 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. Vinay Chopra is as under:

A) Basic Salary:
Rs. 54,200/- p.m.

B) Perquisites:

In addition to the salary Mr. Vinay Chopra shall be entitled to the following perquisites, namely medical reimbursement at actuals 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. Vinay Chopra.

Proposed Remuneration Package to Mr. Vinay Chopra is as under:

The Remuneration Committee of the Board has approved a Basic Salary of Rs. 54,200/- p.m., with all the above mentioned terms and conditions.

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 Manager 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. Vinay Chopra 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 & Electrochlorinators with improved models & introduction of Solar Mac® 7.

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

Particulars	2013	2014	2015
Sales (Rs.)	357,125,000	392,837,500	432,121,250
Profit after tax (Rs.)	63,779,913	70,157,904	77,173,695

IV. DISCLOSURES

1. The remuneration package of the Manager 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 are interested in the resolution.

By Order of the Board of Directors

Place: Kundaim - Goa
Dated: February 21, 2013

MILITA RODRIGUES
COMPANY SECRETARY



DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2012.

FINANCIAL RESULTS

(RS. IN MILLION)

	2012	2011
Sales & Other Income (Net of duties)	656.63	352.59
Profit/(Loss) before Depreciation & Taxation	198.61	75.02
Provision for Depreciation	(5.98)	(6.05)
Provision for Taxation for current/prior years	(59.96)	(22.13)
Deferred Taxation (Liability)/Asset for current/prior years	0.40	0.98
Net Profit after Tax	133.07	47.82
Balance of Profit brought forward	81.40	76.33
Transfer To General Reserves	13.31	4.78
Proposed Dividend	37.16	32.66
Tax on Dividend	6.03	5.30
Balance of Profit carried forward to next year	157.98	81.40

DIVIDEND

The Directors of the company recommend a Dividend of 70% of paid-up capital for the year ended 31st December, 2012 absorbing an amount of Rs. 43.19 Million of distributable profits, inclusive of tax on dividend as against 60% dividend for the previous year 2011.

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 achieved significant increase in sales of Cathodic Protection Systems during 2012.

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.

DNIL has successfully developed the new business of supplying of special electrodes for water treatment mainly for treating pharmaceutical waste water. This is new biz segment for DNIL and the management looks forward to consolidate this new business in the years to come. Company is also looking forward to consolidate its position as pioneer & leader of our premium electrochlorination system and especially develop the business of selling Solar Mac NGO™ specially meant for remote villages without electric power to cater to the poorest strata of society the opportunity of disinfecting the water with the minimum cost.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. M. A. Sundaram & 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, 2013 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/Cl₂, Electro Chlorinators for On-site Hypo, Cathodic Protection Systems and Surface Finishing Products.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the accounts for the financial year ended December 31, 2012 the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. That such accounting policies have been selected and consistently applied and judgements and estimates made, that are reasonable and prudent so as to give a fair and true view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial year have been prepared on a 'going concern' basis.

AUDITORS

The Auditors M/s. B S R & Associates, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and M/s. BSR & Co., Chartered

Accountants shall be appointed up to the conclusion of the next Annual General Meeting. 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.

In anticipation of progressive dis-engagement from operative matters of Mr. S. C. Jain, Mr. Vinay Chopra has been appointed as General Manager w.e.f. January 1, 2013.

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 21, 2013

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, 2012.

There was no employee for year ended 31st December, 2012 who was in receipt of remuneration for that year which, in the aggregate was not less than Rs. 60,00,000 per annum.

ANNEXURE 'B' TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The company is in the process of acquiring the technology for coating of the Membrane Cathode named as "Zerogap" from Industrie Denora S.p.A. Milan, Italy.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

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

For and On behalf of the Board of Directors

Place : Kundaim, Goa
Dated: February 21, 2013

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 several industrial applications like for instance in the Chlor-Alkali industry, water and waste water treatment, pulp and paper manufacturing, surface finishing and plating industries and Cathodic Protection Systems of steel structure and of cement. All these applications are developing starting from the expertise of it's main Shareholder in Electrolytic Processes and in catalytic coatings.

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

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

OPPORTUNITIES AND THREATS

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

As part of the diversification process to increase the stability of the Company's turnover. The Company has executed the supply of equipment and services for two chlorate projects in 2011 & 2012, recording a significant increase in turnover.

As on date there is no similar contract for execution in the year 2013 and company may not be able to maintain this turnover in 2013. The management is continuously looking for new opportunities.

ELECTROCHEMICAL PRODUCTS PERFORMANCE

The company registered turnover of Rs.656.63 million during the year from the sale of it's 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.

DNIL has successfully developed the new business of supplying special electrodes for water treatment mainly for treating pharmaceutical waste water. This is new biz segment for DNIL and the management looks forward to consolidate this new business in the years to come. Company is also looking forward to consolidate it's position as pioneer & leader of our premium electrochlorination systems and especially develop the business of selling Solar Mac NGO™ specially meant for remote villages without electric power to cater to the poorest strata of society the opportunity of disinfecting the water with the minimum cost.

RISKS & CONCERNS

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

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

INTERNAL CONTROLS

The company has an effective and adequate system of internal control, commensurate with the size and nature of



the business of the company. Checks and balances are in place to ensure the reliability and accuracy of accounting data. The systems are aimed at ensuring adherence to policies. A system of validation, approval and authorization, physical safeguards and access restrictions are given utmost importance.

The internal control is supplemented by Internal Audit conducted by Independent Auditors on a quarterly basis. The reports of the Internal Auditors, their findings, recommendations and the compliance thereof, are reviewed by the Management and the Audit Committee of the Board of Directors. The adequacy of the internal control systems is also examined by the Statutory Auditors of the company.

FINANCIAL PERFORMANCE

During the financial year under review, the company achieved a turnover (Sales and other income) of Rs. 656.63 millions and the Profit after Tax of Rs. 133.07 millions.

The Board of Directors at its meeting held on November 3, 2011 had authorized the Buyback of Equity Shares of the Company. The Company bought back remaining 1,35,451 Equity Shares during the year. The Promoters Shareholding increased from 56.69% to 58.34% as compared to previous year after the completion of Buy back of shares. The

present public shareholding is 41.66%. The average price at which shares are bought back is Rs. 92.50/-.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE

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

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, statutes and other incidental factors.



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

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

follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities.

Compliance with Clause 49 of the Listing Agreement

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

1. Board of Directors

(A) Composition of the Board as on 31-12-2012

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	2
Mr. Luca Buonerba	Non-executive Director	(1 + 3*)	No	-	-	-
Mr. Angelo Ferrari	Non-executive Director	0	No	-	-	-
Mr. Giuseppe Cambareri	Non-executive and independent Director	(0 +3#)	No	-	-	-
Mr. M.A. Sundaram	Non-executive and independent Director	3	Yes	-	-	-
Mr. S. C. Jain	Managing Director	4	Yes	-	-	-

Alternate Directors

Mr. Krishan Khanna*	Non-executive director	3	No	-	-	-
Mr. R. V. N. P. R. Sardesai #	Non-executive and independent Director	3	Yes	-	-	-

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

Mr. Giuseppe Cambareri joined via Video/teleconference for 1 Audit Committee and 1 Board Meeting

Mr. Luca Buonerba joined via Video/teleconference for 2 Board Meetings

* 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	40,000	-	40,000
Mr. M.A. Sundaram	40,000	-	40,000
Mr. Angelo Ferrari	-	-	-
Mr. Giuseppe Cambareri	-	-	-
Mr. Krishan Khanna	20,000	-	20,000
Mr. Luca Buonerba	5,000	-	5,000

1. Sitting Fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2012, except as stated above.
3. Except Mr. P. N. Kapadia who holds 57000 equity shares as at 31st December, 2012, no other Director of the Company is holding any shares of the Company.

Remuneration to Managing Director

Particulars	Amount in Rs.
Salary	12,96,000
Perquisites	
- Medical Reimbursement	32,381
- House Rent	2,04,000
- Leave Encashment	1,86,923
Performance related bonus	21,00,000
Total	38,19,304
Company's contribution to funds	
- Provident Fund	1,55,520
- Superannuation Fund	1,94,400

- (a) The Managing Director was re-appointed w.e.f. 16-07-2011 for a period of 2 years in the 22nd Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat.
- (b) The performance related bonus is computed on the basis of the performance of the Managing Director, achievement of targets by the Company and the overall De Nora Group's performance during the year and is decided by the Board.
- (c) The Company does not have any Stock Option Scheme.

(C) Other provisions as to Board and Committees

The Board held four meetings during the year 2012 on 15th February, 2012, 30th April, 2012, 2nd August, 2012 and 29th October, 2012.

The agenda papers were circulated well in advance

of each meeting and all the relevant information as required by Clause 49 of the Listing Agreement was made available to the Board of Directors.

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

(D) Code of Conduct

The Company has formulated the code of conduct for directors and senior management. The code has been circulated to all the board members and senior management and the same has also been posted on the website of the Company. All Board members and senior management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

2. Audit Committee

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement and in compliance with Section 292A of the Companies Act, 1956. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. All the members of the Committee are financially literate and the Chairman Mr. M. A. Sundaram has vast experience on financial & business matters. The Audit Committee comprises of three Directors as under:

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

The Committee met 4 times during the year on 15-02-2012, 30-04-2012, 31-07-2012 and 29-10-2012.

In the absence of Mr. Giuseppe Cambareri, his Alternate Director Mr. R.V.N.P.R. Sardesai, attended all 4 meetings. Mr. M.A. Sundaram attended all the 4 meetings during the year, while Mr. Angelo Ferrari did not attend any meeting and was granted leave of absence for all the meetings. Mr. S.C.Jain, Managing Director is a permanent invitee who alongwith the representatives of Statutory and Internal Auditors of the Company also attended all the Audit Committee Meetings. Ms. Milita Rodrigues, Company Secretary, acts as the Secretary of the Committee.

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



3. Remuneration Committee (Non-Mandatory)

The Company has a Remuneration Committee comprising of 4 Non-Executive Directors out of which three are Independent Directors. The composition of the Committee is as follows:

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

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

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

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
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 15-02-2012 which was attended by all the members of the Committee except Mr. Giuseppe Cambareri on whose behalf his alternate Director Mr. R.V.N.P.R. Sardesai attended the meeting. There is a separate Share Transfer Committee for approval and registration of transfers and/or transmissions of equity shares of the Company and to do all other acts and deeds as may be necessary or incidental thereto.

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

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, 2012.

13 requests for 1742 equity shares were received for Share Transfers and 33 requests for 4985 equity shares for dematerialisation were received during the year. The number of pending Share Transfers and requests for dematerialisation as on 31-12-2012 were NIL.

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
2009	Registered office	20-05-2010	11.00 a.m.	Nil	Nil
2010	Registered office	20-05-2011	11.00 a.m.	One	Extension of tenure of Managing Director
2011	Registered office	28-06-2012	11.00 a.m.	Nil	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.

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 2012.

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 website www.denoraindia.com and on the official website of NSE (www.nseindia.com).

9. General Shareholder Information

Annual General Meeting

- Date and time Wednesday, May 8, 2013 at 11.00 a.m.

- Venue

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

Financial Calendar (tentative)

1st January, 2013 –
31st December, 2013

Results for quarter ending
March 31, 2013

Mid May, 2013

Results for quarter ending
June 30, 2013

Mid August, 2013

Results for quarter ending
September 30, 2013

Mid November, 2013

Results for quarter ending
December 31, 2013

Mid February, 2014

Or

Audited Annual Results for
year ending
December 31, 2013

End February, 2014

Date of Book Closure 06-05-2013 – 08-05-2013
(both days inclusive)

Dividend Payment Date On or after the AGM on
May 8, 2013

Listing on Stock Exchanges

The National Stock Exchange of India Limited,
Mumbai

Stock Code NSE Code DENORA EQ

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

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

Month	De Nora India Limited			NSE (S&P CNX Nifty)		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High	Low	Close
Jan-12	102.00	86.00	100.00	5217.00	4588.05	5199.25
Feb-12	134.30	98.05	120.90	5629.95	5159.00	5385.20
Mar-12	127.95	106.65	114.10	5499.40	5135.95	5295.55
Apr-12	140.00	114.00	123.95	5378.75	5154.30	5248.15
May-12	122.70	104.10	115.20	5279.60	4788.95	4924.25
Jun-12	122.00	97.65	103.25	5286.25	4770.35	5278.90
Jul-12	111.00	98.45	105.20	5348.55	5032.40	5229.00
Aug-12	146.50	104.05	133.00	5448.60	5164.65	5258.50
Sept-12	160.20	130.10	145.60	5735.15	5215.70	5703.30
Oct-12	224.40	140.00	208.10	5815.35	4888.20	5619.70
Nov-12	278.00	192.25	257.70	5885.25	5548.35	5879.85
Dec-12	284.20	241.55	258.00	5965.15	5823.15	5905.10



Registrar and Transfer Agent:

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex
2nd 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, 2012

Category (No. of Shares)	No. of Shareholders	Percent- age	No. of Shares	Percent- age
Less than 500	5008	88.86	631740	11.90
501-1000	319	5.66	258273	4.87
1001-2000	161	2.86	252230	4.75
2001-3000	51	0.90	133850	2.52
3001-4000	29	0.51	102845	1.94
4001-5000	13	0.23	60684	1.14
5001-10000	32	0.57	240105	4.52
10001 and above	23	0.41	3628907	68.36
TOTAL	5636	100.00	5308634	100.00

SHAREHOLDING PATTERN AS ON DECEMBER 31, 2012

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHARE- HOLDING
A. Shareholding of Promoter and Promoter Group		
1. Indian – Individuals	246366	4.64
2. Foreign – Institutions	2849500	53.68
B. Public shareholding		
1. Institutions		
a. Financial Institutions/ Banks	100	0.00
b. Foreign Institutional Investors	7460	0.14
2. Non-Institutions		
a. Bodies Corporate	189993	3.58
b. Non-Resident individuals/ Foreign Individuals	56696	1.07
c. Individual shareholders/ Others	1958519	36.89
TOTAL	5308634	100.00

Dematerialisation of Shares & Liquidity

97.15% of the total equity share capital has been

dematerialized upto December 31, 2012. The Company's Equity Shares are actively traded in NSE & BSE.

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

Nil

Plant Locations

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

Address for Correspondence

The Company Secretary

De Nora India Limited
Plot Nos.184, 185 & 189, Kundaim Industrial Estate
Kundaim, Goa – 403 115.
Tel.: 91-832-3981151 Fax: 91-832-3981101
Email.: milita.rodriques@denora.com
Website: 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-imbursement of expenses incurred in performance of his duties, apart from the payment of sitting fees for attending Board and Committee Meetings.

2. Remuneration Committee

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

3. Shareholder Rights

The half-yearly financial results including summary of significant events of relevant period of six months are not sent to each household of shareholders. However, these results are displayed on the Company's website www.denoraindia.com and on the official website of NSE (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, 2012, 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 21, 2013

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 2012, and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 December 2012

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 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

Bhavesh Dhupelia
Partner
Membership No.: 042070

Annexure to the Auditors' Report – 31 December 2012 (Referred to in our report of even date)

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets of the Company have been physically verified during the year. No material discrepancies were noticed on such verification.
- c) The Company has not disposed off any fixed assets during the year.
- ii (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.



- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- iv In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain items of inventories sold and services rendered are for the specialised requirements of the buyers for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any material weakness in the internal control system during the course of the audit.
- v (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions for purchase and sale of certain items of inventories and sale of services which are made in pursuance of 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 We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed

accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- ix (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth Tax and 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, Service Tax, Customs Duty, Excise Duty and other material statutory dues were in arrears as at 31 December 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax and Customs Duty, which have not been deposited with the appropriate authorities on account of 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	1,261,980 205,610	2003-2007 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

Bhavesh Dhupelia
Partner
Membership No.: 042070

Mumbai
21 February, 2013



BALANCE SHEET

as at 31 December, 2012
(Currency: Indian Rupee)

	Note	31 December, 2012	31 December, 2011
EQUITY and LIABILITIES			
Shareholders' funds			
Share capital	3	53,086,340	54,440,850
Reserves and surplus	4	283,720,928	205,917,180
		<u>336,807,268</u>	<u>260,358,030</u>
Non-current liabilities			
Long-term provisions	5	7,126,222	6,611,519
		<u>7,126,222</u>	<u>6,611,519</u>
Current liabilities			
Trade payables	6	50,918,081	76,815,590
Other current liabilities	7	45,101,508	59,721,181
Short-term provisions	8	62,880,771	39,704,008
		<u>158,900,360</u>	<u>176,240,779</u>
TOTAL		<u>502,833,850</u>	<u>443,210,328</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9A	64,197,199	56,115,955
Intangible assets	9B	400,673	665,755
Capital work-in-progress		-	6,697,091
Intangible fixed assets under development		8,795,474	-
		<u>73,393,346</u>	<u>63,478,801</u>
Non-current investments	10	170,000	170,000
Deferred tax assets (net)	11	7,736,553	7,344,498
Long-term loans and advances	12	14,569,262	17,572,372
Other non-current assets	13	-	1,630,000
		<u>22,475,815</u>	<u>26,716,870</u>
Current assets			
Current investments	14	152,298,541	50,053,732
Inventories	15	102,046,677	134,388,449
Trade receivables	16	92,224,541	107,769,153
Cash and bank balances	17	50,317,756	31,684,314
Short-term loans and advances	18	9,268,995	28,303,081
Other current assets	19	808,179	815,928
		<u>406,964,689</u>	<u>353,014,657</u>
TOTAL		<u>502,833,850</u>	<u>443,210,328</u>
Significant accounting policies			
	2		
The notes referred to above form an integral part of the financial statements	28-39		

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

Firm Registration No.: 128901W

For and on behalf of the Board of Directors

Bhavesh Dhupelia

Partner

Membership No.: 042070

S. C. Jain

Managing Director

M. A. Sundaram

Director

Milita Rodrigues

Company Secretary

Place : Mumbai

Date : February 21, 2013

Place : Goa

Date : February 21, 2013



STATEMENT OF PROFIT AND LOSS

for the year ended 31st December, 2012

(Currency: Indian Rupee)

	Note	31 December, 2012	31 December, 2011
Revenue from operations (gross)	20	678,118,940	351,431,575
Less: Excise duty		(35,575,497)	(10,708,762)
Revenue from operations (net)		642,543,443	340,722,813
Other income	21	14,081,576	11,862,288
Total revenue		656,625,019	352,585,101
Expenses			
Cost of materials consumed	22	281,260,999	180,892,325
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	18,450,707	(28,320,739)
Employee benefits expense	24	40,226,037	33,720,041
Finance costs	25	69,440	177,354
Depreciation and amortisation	26	5,975,771	6,050,048
Other expenses	27	118,003,082	91,091,866
Total expenses		463,986,036	283,610,895
Profit before tax for the year		192,638,983	68,974,206
Tax expense:			
Current tax		61,521,026	20,621,638
Current tax relating to prior year		(1,560,211)	1,511,395
Deferred tax		(392,055)	(978,623)
Total tax expense		59,568,760	21,154,410
Profit after tax for the year		133,070,223	47,819,796
Earnings per equity share [Nominal value of share Rs. 10 (previous year: Rs. 10)]			
Basic and diluted	31	25.02	8.62
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements	28-39		

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

Firm Registration No.: 128901W

For and on behalf of the Board of Directors

Bhavesh Dhupelia

Partner

Membership No.: 042070

S. C. Jain

Managing Director

M. A. Sundaram

Director

Milita Rodrigues

Company Secretary

Place : Mumbai

Date : February 21, 2013

Place : Goa

Date : February 21, 2013



CASH FLOW STATEMENT

for the year ended 31st December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
A Cash flow from operating activities		
Net profit for the year	192,638,983	68,974,206
Adjustments for non-cash and other items		
Interest expense	69,440	177,354
Interest income	(4,452,281)	(2,241,675)
Profit on sale / scrapping of fixed assets	-	(173,047)
Unrealised foreign exchange (gain)/ loss	84,911	(105,638)
Depreciation and amortisation	5,975,771	6,050,048
Bad debts write-off	1,153,057	111,538
Buyback expenses	354,390	826,477
Increase / (decrease) in provisions for doubtful debts / advances	(1,558,783)	(107,546)
Dividend income	(3,200,514)	(6,389,055)
Loss / (Profit) on redemption of mutual funds	12,667	18,075
Provision for Stores and stock write-off / (writeback)	(5,817,307)	4,457,479
Increase / (decrease) in provisions for warranty (net)	6,443,003	(1,102,593)
	(935,646)	1,521,417
Operating profit before working capital changes	191,703,337	70,495,623
Changes in working capital		
Decrease/(increase) in Sundry debtors	15,865,427	(57,523,481)
Decrease/(increase) in inventories	38,159,079	(82,270,543)
Decrease/(increase) in loans and advances	19,979,990	(23,683,508)
(Decrease)/increase in trade payables and other liabilities	(49,312,658)	107,018,110
(Decrease)/increase in provisions	1,413,358	268,055
	26,105,196	(56,191,367)
Cash generated from operations	217,808,533	14,304,256
Income tax payments	(44,209,290)	(21,051,906)
Net cash from / (used in) operating activities [A]	173,599,243	(6,747,650)
B Cash flow from investing activities		
Purchase of fixed assets and change in capital work in progress	(7,094,840)	(10,952,705)
Proceeds from sale of fixed assets	-	193,776
Interest received	1,375,535	434,905
Dividend received	3,200,514	6,389,055
Purchase of investments	(192,923,879)	(183,626,109)
Proceeds from sale / redemption of investments	90,666,404	254,115,829
Term Deposits with a maturity of over three months (net movements)	(5,440,403)	(17,422,781)
Net cash (used in) / generated from investing activities [B]	(110,216,669)	49,131,970



CASH FLOW STATEMENT

for the year ended 31st December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
C Cash flow from financing activities		
Dividend and distribution tax paid	(37,963,510)	(32,496,145)
Buyback of shares (including expenses)	(13,786,585)	(10,273,966)
Interest paid	(69,440)	(177,354)
Net cash (used in) financing activities [C]	(51,819,535)	(42,947,465)
Net increase / (decrease) in cash and cash equivalents [A]+[B]+[C]	11,563,039	(563,145)
Cash and cash equivalents at the beginning of the year	14,261,533	14,824,678
Cash and cash equivalents at the end of the year	25,824,572	14,261,533

Notes:

1 Cash and cash equivalents comprise of

Cash in hand	50,888	34,251
Cash with banks in current accounts	25,773,684	14,227,282
	<u>25,824,572</u>	<u>14,261,533</u>

2 The above includes an amount of Rs. 1,510,378
(previous year Rs. 1,528,929) restricted in use on account of unpaid dividend.

As per our report of even date attached.

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

Bhavesh Dhupelia
Partner
Membership No.: 042070

Place : Mumbai
Date : February 21, 2013

For and on behalf of the Board of Directors

S. C. Jain
Managing Director

M. A. Sundaram
Director

Milita Rodrigues
Company Secretary

Place : Goa
Date : February 21, 2013



Notes to the Financial Statements

for the year ended 31 December, 2012

1 Background

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

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 ('the Act') and other accounting principles generally accepted in India, to the extent applicable.

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the Company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

2.2 Use of estimates

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

2.3 Current and Non-current classification

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

Assets

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

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

All other assets are classified as non-current.

Liabilities

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

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

All other liabilities are classified as non-current.

Operating cycle

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

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

2.4 Tangible assets and depreciation

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

The Company depreciates its fixed assets on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Act, except for existing assets of plant and machinery procured until 31 December, 2005, leasehold land and computers



(including software classified as Intangible assets). For additions and disposals, depreciation is provided pro-rata for the period of use. Fixed assets individually costing up to Rs. 5,000 are depreciated fully in the year of purchase.

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

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

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

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date.

2.5 Intangible assets and amortisation

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

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

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

2.6 Impairment of assets

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

2.7 Leases

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

2.8 Investments

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

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

2.9 Inventories

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

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

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

2.10 Revenue recognition

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

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

Revenue from fixed price construction contracts is recognised by reference to the estimated overall profitability of the



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

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

Interest income is recognised on the time proportion basis.

2.11 Foreign currency transactions

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

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

2.12 Employee benefits

(a) Short term employee benefits

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

(b) Post-employment benefits

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

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

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

(c) Other Long-term employment benefits

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

2.13 Taxation

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

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

2.14 Provisions and contingent liabilities

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



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
3. Share capital		
Authorised shares:		
10,000,000 (previous year : 10,000,000) equity shares of Rs.10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up:		
5,308,634 (previous year : 5,444,085) equity shares of Rs.10/- each, fully paid-up	53,086,340	54,440,850
	53,086,340	54,440,850

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

Name of Shareholder	Relationship	31 December, 2012		31 December, 2011	
		Number	Amount	Number	Amount
Oronzio De Nora International B. V.	Holding Company	2,849,500	28,495,000	2,849,500	28,495,000

b. Rights, preferences and restrictions attached to equity shares

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

During the year ended 31 December, 2012, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 7 per share (previous year: Rs. 6 per share). The dividend appropriation for the year ended December 2012 amounted to Rs. 37,160,438 (previous year: Rs. 32,664,510) plus corporate dividend tax of Rs. 6,028,352 (previous year: Rs. 5,299,000)

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

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

Name of Shareholder	Relationship	31 December, 2012		31 December, 2011	
		Number	Percentage	Number	Percentage
Oronzio De Nora International B. V.	Holding Company	2,849,500	53.68%	2,849,500	52.34%

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

Particulars	31 December, 2012		31 December, 2011	
	Number	Rs.	Number	Rs.
Equity shares outstanding at the commencement of the period	5,444,085	54,440,850	5,555,134	55,551,340
Add: equity shares Issued during the year	-	-	-	-
Less: equity shares bought back during the year	135,451	1,354,510	111,049	1,110,490
Equity shares outstanding at the end of the period	5,308,634	53,086,340	5,444,085	54,440,850

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

Pursuant to the Shareholders' approval for buyback of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 135,451 equity shares (previous year: 111,049) through open market transactions for an aggregate amount of Rs. 13,432,195 (previous year: Rs. 9,447,490). The said shares have been subsequently extinguished. Capital redemption reserve has been created by transfer of Rs. 1,354,510 (previous year: Rs. 1,110,490) from General Reserve being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
4. Reserves and Surplus		
Securities premium reserve		
Balance at commencement of the year	85,685,630	94,022,630
Less: Utilised towards buy back of shares (Refer Note 3 (e))	12,077,685	8,337,000
Balance at end of the Year	73,607,945	85,685,630
General Reserve		
Balance at commencement of the year	37,719,523	34,048,033
Add: Transfer from Surplus in Statement of profit and loss	13,307,022	4,781,980
Less: Transfer to Capital Redemption Reserve (Refer Note 3 (e))	1,354,510	1,110,490
Balance at end of the Year	49,672,035	37,719,523
Capital Redemption Reserve		
Balance at commencement of the year	1,110,490	-
Add: Transfer from General Reserve	1,354,510	1,110,490
Balance at end of the Year	2,465,000	1,110,490
Surplus in Statement of profit and loss		
Balance at commencement of the year	81,401,537	76,327,231
Add: Profit for the year	133,070,223	47,819,796
Less: Proposed equity dividend [amount Rs. 7 per share (previous year: Rs. 6 per share)]	37,160,438	32,664,510
Less: Tax on Proposed equity dividend	6,028,352	5,299,000
Less: Transfer to General reserve	13,307,022	4,781,980
	157,975,948	81,401,537
Balance at end of the Year	283,720,928	205,917,180
5. Long term provisions		
Provision for employee benefits		
Provision for leave encashment / sick leave availment	2,840,516	2,211,519
Provision for gratuity	445,706	-
Other provisions		
Provision for warranties	3,840,000	4,400,000
	7,126,222	6,611,519
6. Trade payables		
Trade payables*	50,918,081	76,815,590
	50,918,081	76,815,590
* There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.		



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
7. Other current liabilities		
Advances received from customers	6,705,593	38,881,701
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
– Unpaid dividend	1,510,378	1,528,929
Other payables		
– Statutory dues	4,600,414	2,686,829
– Employee payables	6,309,774	4,523,804
– Accrual of expenses	13,248,988	5,933,041
– Creditors towards purchase of fixed assets	11,350,967	5,700,020
– Creditors for Expenses	1,375,394	466,857
	45,101,508	59,721,181
8. Short term provisions		
Provision for employee benefits		
Provision for gratuity	215,398	47,756
Provision for leave encashment / sick leave availment	657,365	486,352
Other provisions		
Provision for proposed equity dividend	37,160,438	32,664,510
Provision for dividend distribution tax on proposed equity dividend	6,028,352	5,299,000
Provision for income tax (net of advance tax)	10,609,825	-
Provision for warranties	8,209,393	1,206,390
	62,880,771	39,704,008



Notes to the Financial Statements

as at 31 December, 2012
(Currency: Indian Rupee)

9A. Tangible fixed assets

Description of assets	Gross Block		Depreciation		Net Block	
	As at 1 January 2012	Additions Deletions	As at 31 December 2012	As at 1 January 2012	As at 31 December 2012	As at 31 December 2012
Leasehold land	1,856,520	-	1,856,520	689,166	19,596	708,762
	(1,856,520)	(-)	(1,856,520)	(669,624)	(19,542)	(1,167,354)
Office building	2,614,836	-	2,614,836	701,674	42,359	744,033
	(2,614,836)	(-)	(2,614,836)	(659,430)	(42,244)	(1,913,162)
Factory building	45,031,427	-	45,031,427	20,502,165	1,507,270	22,009,435
	(45,031,427)	(-)	(45,031,427)	(18,999,014)	(1,503,151)	(20,502,165)
Plant and machinery	82,938,332	9,499,471	92,437,803	59,570,134	3,233,717	62,803,851
	(83,014,955)	(1,468,724)	(82,938,332)	(57,997,895)	(3,117,586)	(59,570,134)
Furniture and fixtures	6,624,154	359,794	6,983,948	5,886,101	128,279	6,014,380
	(6,477,209)	(146,945)	(6,624,154)	(5,497,889)	(388,212)	(5,886,101)
Vehicles	4,109,403	-	4,109,403	2,157,782	469,240	2,627,022
	(2,789,086)	(1,320,317)	(4,109,403)	(1,738,596)	(419,186)	(2,157,782)
Office equipments	2,948,796	3,492,409	6,441,205	823,717	144,620	968,337
	(2,771,581)	(204,215)	(2,948,796)	(695,957)	(134,031)	(823,717)
Computers	3,724,764	431,071	4,155,835	3,401,538	156,420	3,557,958
	(3,300,453)	(424,311)	(3,724,764)	(3,150,787)	(250,751)	(3,401,538)
Total	149,848,232	13,782,745	163,630,977	93,732,277	5,701,501	99,433,778
	(147,856,067)	(3,564,512)	(149,848,232)	(89,409,192)	(5,874,703)	(56,115,955)

9B. Intangible fixed assets

Description of assets	Gross Block		Amortisation		Net Block	
	As at 1 January 2012	Additions Deletions	As at 31 December 2012	As at 1 January 2012	As at 31 December 2012	As at 31 December 2012
Software	841,100	9,188	850,288	175,345	274,270	449,615
	(-)	(841,100)	(841,100)	(-)	(175,345)	(665,755)
Total	841,100	9,188	850,288	175,345	274,270	449,615
	(-)	(841,100)	(841,100)	(-)	(175,345)	(665,755)

Capital work in progress

Opening balance as at 1 January, 2012

6,697,091
(150,000)

Addition

-
(6,547,091)

Less : Asset capitalised during the year

6,697,091
(-)

Balance as at 31 December, 2012

-
(6,697,091)

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



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
10. Non-current investments (Valued at cost unless stated otherwise)		
Non trade investments: quoted		
Investments in equity instruments		
2,000 (previous year: 2,000) equity shares of Bank of Baroda of Rs. 10 each, fully paid-up	170,000	170,000
	<u>170,000</u>	<u>170,000</u>
The aggregate book value and market value of quoted non-current investments is as follows:		
Quoted non-current investments		
Aggregate book value	170,000	170,000
Aggregate market value	1,733,900	1,330,700
11. Deferred tax assets (net)	31 December, 2012	31 December, 2011
<i>Deferred tax assets</i>		
– in respect of provision for warranty / recoating / others	5,203,899	1,818,993
– in respect of provision for doubtful debts, advances and stock	1,547,926	2,053,673
– in respect of inventory	7,116,568	9,055,250
– in respect of gratuity allowance	214,495	15,494
– in respect of technical know-how amortisation	12,807	17,076
– in respect of provision for leave encashment / availment	1,134,888	875,324
Total Deferred tax assets	<u>15,230,583</u>	<u>13,835,810</u>
<i>Deferred tax liabilities</i>		
Timing differences on account of:		
– Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts	7,494,030	6,491,312
	<u>7,494,030</u>	<u>6,491,312</u>
	<u>7,736,553</u>	<u>7,344,498</u>
12. Long-term loans and advances	31 December, 2012	31 December, 2011
Advances for supply of goods and services	2,019,381	667,591
Less: Provision for doubtful advances	<u>2,019,381</u>	<u>667,591</u>
	-	-
Unsecured, considered good		
Security deposits	513,100	1,459,004
Advance income tax (net of provision for tax)	<u>14,056,162</u>	<u>16,113,368</u>
	<u>14,569,262</u>	<u>17,572,372</u>
13. Other non-current assets	31 December 2012	31 December 2011
Bank deposits (due to mature after 12 months from the reporting date)	-	1,630,000
	<u>-</u>	<u>1,630,000</u>



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
14. Current investments (Valued at lower of cost and fair value)		
Investments in mutual funds - unquoted		
10,506,751.584 (previous year: 1,885,475.434) units of HDFC Cash Management Fund - Savings Plan - Daily dividend reinvestment	111,754,013	20,054,671
3,980,297.527 (previous year: Nil) unit of HDFC Short Term Opportunities Fund dividend payout.	39,964,973	-
Nil (previous year: 121,655.724) units of Prudential ICICI Liquid Fund – Dividend reinvestment option	-	14,458,633
Nil (previous year: 53,588.343) units of Tata Floater Fund – Dividend reinvestment option	-	540,428
Nil (previous year: 1,500,000.000) units in Tata Fixed Income Fund – Dividend payout	-	15,000,000
574.315 (previous year: Nil) units in Tata Floater Fund Plan A – Weekly Dividend payout	579,555	-
	<u>152,298,541</u>	<u>50,053,732</u>
Aggregate amount of unquoted investment	152,298,541	50,053,732
Aggregate write-down due to valuation of current investment at fair value	35,027	-
15. Inventories (Valued at lower of cost and net realisable value)		
Raw materials	70,486,980	85,346,134
[including goods-in-transit Rs. 14,886,845 (previous year: Rs. 9,729,867)]		
Work-in-progress	15,502,520	39,665,411
Finished goods	12,026,670	6,314,486
Stores and spares	4,030,507	3,062,418
	<u>102,046,677</u>	<u>134,388,449</u>
16. Trade receivables		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Unsecured, Considered good:	3,808,604	2,168,502
(b) Doubtful:	2,685,491	4,993,769
Less: Provision for doubtful receivables	(2,685,491)	(4,993,769)
(A)	<u>3,808,604</u>	<u>2,168,502</u>
Other receivables		
(a) Unsecured, Considered good:	88,415,937	105,600,651
(b) Doubtful:	66,051	668,346
Less: Provision for doubtful receivables	(66,051)	(668,346)
(B)	<u>88,415,937</u>	<u>105,600,651</u>
(A) + (B)	<u>92,224,541</u>	<u>107,769,153</u>



Notes to the Financial Statements

as at 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
17. Cash and bank balances		
Cash and cash equivalents		
– Cash on hand	50,888	34,251
– Balances with banks		
– In current accounts	24,187,544	12,698,353
– in EEFC account	75,762	-
– In earmarked account		
– Unpaid dividend accounts	1,510,378	1,528,929
Other bank balances		
– In deposits accounts with original maturity of more than three months but less than twelve months	24,493,184	17,422,781
	50,317,756	31,684,314
18. Short-term loans and advances		
<i>(Unsecured, considered good)</i>		
Loans and advances to staff	609,313	1,196,391
Advance for supply of goods and services	1,801,076	12,639,010
Advance given for buyback of own shares	-	1,952,509
Unbilled receivable	-	3,730,593
Security deposits	1,436,069	217,387
Prepaid expenses	1,570,537	1,372,888
Balance with indirect tax authorities	3,852,000	7,194,303
	9,268,995	28,303,081
19. Other current assets		
<i>(unsecured, considered good)</i>		
Interest accrued on fixed deposits with banks	808,179	815,928
	808,179	815,928



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
20. Revenue from operations (gross)		
Sale of products		
– Finished goods	472,601,902	221,819,178
– Traded goods	5,016,356	3,784,747
Sales of services		
– Recoating	197,959,461	123,745,292
– Annual maintenance charges	735,700	1,825,498
Other operating revenue		
– Scrap sales	1,805,521	256,860
	<u>678,118,940</u>	<u>351,431,575</u>
Break-up of revenue from sale of finished goods and traded goods		
Coated metal anodes	224,597,954	23,253,281
Electrochlorinators	69,704,379	44,156,313
Cathodic Protection (anti corrosion) Systems	91,239,703	50,717,886
Contract revenue	92,076,222	107,476,445
	<u>477,618,258</u>	<u>225,603,925</u>
21. Other income		
Dividend income from current investment	3,166,514	6,356,055
Dividend income from non-current investment	34,000	33,000
Interest income		
– on bank deposits	1,340,470	729,319
– on loans to employees	27,316	13,203
– on income tax refund	3,084,495	1,499,153
Net gain on account of foreign exchange fluctuations	522,980	-
Net profit on sale of fixed assets	-	173,047
Deputation charges	1,111,110	1,490,266
Writeback of provision for doubtful debts (net)	2,910,573	107,546
Writeback of provision for warranty (net)	-	1,102,593
Miscellaneous income	1,884,118	358,106
	<u>14,081,576</u>	<u>11,862,288</u>
22. Cost of materials consumed		
Opening stock	85,346,134	37,104,837
Purchases	266,401,845	229,133,622
Closing stock	70,486,980	85,346,134
	<u>281,260,999</u>	<u>180,892,325</u>
Break-up of material consumed		
Chemicals	93,535,038	31,579,620
Titanium metal	40,570,828	23,005,115
Canisters/strings/strips/cables	10,965,959	6,913,535
Components for electro chlorinators	17,160,280	24,217,116
Components for Projects	71,499,209	67,888,812
Others	47,529,685	27,288,127
	<u>281,260,999</u>	<u>180,892,325</u>



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
23. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Finished goods	(12,026,670)	(6,314,486)
Work-in-progress	(15,502,520)	(39,665,411)
Sub-total	(27,529,190)	(45,979,897)
<u>Inventories at the beginning of the year:</u>		
Finished goods	6,314,486	8,864,965
Work-in-progress	39,665,411	8,794,193
Sub-total	45,979,897	17,659,158
Net (increase) / decrease	18,450,707	(28,320,739)
Break-up of inventories		
Finished goods		
Coated metal anodes	4,078,804	3,560,472
Electrochlorinators	2,833,237	202,178
Cathodic protection (anti corrosion) systems	5,114,629	2,551,836
	12,026,670	6,314,486
Work-in-progress		
Anodes / Cathodes	8,162,940	27,150,339
Cathodic Protection Systems	2,435,784	9,733,586
Electrochlorinators	4,903,796	2,781,486
	15,502,520	39,665,411
24. Employee benefits expense	31 December, 2012	31 December, 2011
Salaries, wages and bonus	31,741,687	27,042,672
Contribution to provident and other funds (refer note 34)	3,963,677	3,268,683
Compensated absences	676,799	916,646
Staff welfare expenses	3,843,874	2,492,040
	40,226,037	33,720,041
25. Finance costs	31 December, 2012	31 December, 2011
Interest expenses	69,440	177,354
	69,440	177,354
26. Depreciation and amortisation	31 December, 2012	31 December, 2011
Depreciation on tangible fixed assets	5,701,501	5,874,703
Amortisation on intangible fixed assets	274,270	175,345
	5,975,771	6,050,048
27. Other expenses	31 December, 2012	31 December, 2011
Consumption of stores and spare parts	14,291,155	6,188,919
Consumption of packing material	311,402	218,453
Job work and labour charges	9,927,263	5,592,779
Installation, commissioning and repair cost of electrochlorinators	2,870,111	3,618,072
Power, fuel and water	5,446,086	4,487,757
Rent	352,000	269,600
Rates and taxes	221,233	296,201



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
Repairs and maintenance		
– Building	1,851,563	1,183,934
– Machinery	1,107,031	819,287
– Others	773,967	706,980
Insurance	2,223,190	2,426,353
Provision for warranty (net)	6,443,003	-
Bad debts written off	1,153,057	111,538
Provision for doubtful advances	1,351,790	-
Travelling expenses	11,865,674	10,172,736
Freight and forwarding	2,408,758	1,357,707
Telephone and other communication expenses	948,187	1,407,284
Net loss on account of foreign exchange fluctuations	-	241,525
Net loss on sale of current investments	12,667	18,075
Printing and stationery	855,624	871,379
Advertising and sales promotion	1,568,644	2,376,229
Legal and professional fees	21,057,358	28,150,909
Payment to auditors (refer note below)	894,230	683,050
Commission and discount	7,875,219	4,500,324
Bank charges	2,363,303	2,878,444
Donation	25,611	1,015,001
Royalty	13,763,047	8,882,750
Miscellaneous expenses	6,041,909	2,616,579
	118,003,082	91,091,865
Note: Payments to auditor		
As Auditor		
Statutory audit	255,000	150,000
Tax accounts	125,000	100,000
Limited review of quarterly results	375,000	300,000
Certification work	-	30,000
Reimbursement of expenses	139,230	103,050
	894,230	683,050

Payments to auditor does not include Rs. 900,000 (previous year Rs. 650,000) in respect of statutory audit, group audit under IFRS, etc. to be borne by Ultimate Holding Company.

	31 December, 2012	31 December, 2011
28. Contingent liabilities		
Claims in respect of Excise matters	1,467,590	1,467,590

	31 December, 2012	31 December, 2011
29. Capital and other commitments		
Bank guarantees given by Company comprise of the following:		
– Against product performance	88,698,305	90,000,223
– Against export commitments to customs authorities	646,938	1,222,371
– Against others	1,275,000	-



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

30. Related party transactions

a) *Parties where control exists*

Name of related party	Relationship
Oronzio De Nora International B.V.	Holding Company (holds 53.68% of the equity share capital as at 31 December, 2012)
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 Entities under common control ('EUCC')	
De Nora Elettrodi (Suzhou) Ltd.	
De Nora Tech Inc.	
Chlorine Engineers Corpn. Ltd.	
ii) De Nora Deutschland GmbH	Fellow Subsidiaries ('FS')
De Nora Do Brasil Ltd.	
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	14,673,347	17,347,347	2,684,223	-	34,704,917
	(128,769)	(3,847,875)	(3,626,520)	(-)	(7,603,164)
Commission paid	80,975	-	-	-	80,975
	(335,087)	(-)	(-)	(-)	(335,087)
Purchase of services	16,832,735	-	-	-	16,832,735
	(13,914,292)	(158,112)	(-)	(-)	(14,072,404)
Purchase of intangible assets	8,795,474	-	-	-	8,795,474
	(-)	(-)	(-)	(-)	(-)
Payment of Royalty	13,763,047	-	-	-	13,763,047
	(8,882,750)	(-)	(-)	(-)	(8,882,750)
Reimbursement of expenses	500,315	96,669	-	-	596,984
	(557,943)	(-)	(-)	(-)	(557,943)
Sale of goods and services	2,265,416	696,576	1,592,093	-	4,554,085
	(2,391,087)	(-)	(1,759,159)	(-)	(4,150,246)
Recovery of expenses	-	1,302,911	-	-	1,302,911
	(-)	(1,490,266)	(-)	(-)	(1,490,266)
Dividends paid	17,097,000	-	-	-	17,097,000
	(14,247,500)	(-)	(-)	(-)	(14,247,500)
Remuneration	-	-	-	3,819,304	3,819,304
	(-)	(-)	(-)	(3,336,960)	(3,336,960)
Balance outstanding as on 31 December, 2012					
– Receivables	-	274,237	-		
	(693,294)	(288,696)	(793,888)		
– Payables	28,381,520	10,886,715	478,762		
	(11,848,579)	(3,970)	(-)		

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



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

d) <i>Name of the parties having related party transactions in excess of 10% in line transactions</i>			
Name of the related party	Transactions	31 December, 2012	31 December, 2011
Industrie De Nora S.p.A., Italy	Purchase of raw materials trading goods and spares	14,673,347	128,769
De Nora Tech Inc. USA	Purchase of raw materials trading goods and spares	2,368,933	3,847,875
De Nora Deutschland GmbH, Germany	Purchase of raw materials trading goods and spares	2,684,223	3,626,520
Chlorine Engineers Corporation Limited	Purchase of raw materials trading goods and spares	10,886,715	-
De Nora Elettrodi (Suzhou) Co. Ltd., China	Purchase of raw materials trading goods and spares	4,091,699	-
Industrie De Nora S.p.A., Italy	Purchase of services	16,832,735	13,914,292
Industrie De Nora S.p.A., Italy	Purchase of intangible assets	8,795,474	-
De Nora Elettrodi (Suzhou) Co. Ltd., China	Purchase of services	96,669	109,602
De Nora Tech Inc. USA	Purchase of services	-	48,510
Industrie De Nora S.p.A., Italy	Payment of commission	80,975	335,087
Industrie De Nora S.p.A., Italy	Reimbursement of expenses	500,315	557,943
Industrie De Nora S.p.A., Italy	Payment of Royalty	13,763,047	8,882,750
Oronzio De Nora International B.V., Netherlands	Dividends paid	17,097,000	14,247,500
Industrie De Nora S.p.A., Italy (Including Singapore Branch)	Sale of goods and services	2,961,992	2,391,087
De Nora Deutschland GmbH, Germany	Sale of goods and services	1,592,093	1,759,159
De Nora Elettrodi (Suzhou) Co. Ltd., China	Recovery of Expenses	1,111,110	1,490,266
Chlorine Engineers Corporation Limited	Recovery of expenses	191,801	-
S .C. Jain (Managing director)	Remuneration paid to Key Managerial Person	3,819,304	3,336,960

31. Earnings per share

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

	31 December, 2012	31 December, 2011
Weighted average number of equity shares outstanding	5,319,002	5,545,880
Net profit after tax available for equity shareholders	133,070,223	47,819,796
Basic and diluted earnings per equity share of Rs. 10 each	25.02	8.62

32. Segment information

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



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

33. Disclosure relating to provisions

Warranties/recoating

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

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

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

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

	31 December, 2012	31 December, 2011
Opening carrying amount	5,606,390	6,708,983
Additional provisions made during the year	7,559,044	129,006
Unused amounts reversed during the year	1,116,041	1,231,599
Closing carrying amount	12,049,393	5,606,390

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.

34. Employee benefits

a) **Defined-Contribution Plans**

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs. 2,950,329 (previous year Rs. 2,484,399) has been charged to the revenue account in this respect, comprising of the following:

	31 December, 2012	31 December, 2011
Provident Fund	1,352,332	1,039,633
Family Pension Fund	489,705	491,596
Superannuation Fund	1,108,292	953,110
Total	2,950,329	2,484,339

b) **Defined-Benefit Plans**

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



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
i. <i>Reconciliation of opening and closing balance of obligation</i>		
Liability at the beginning of the year	7,126,160	6,509,742
Current service cost	396,931	377,179
Interest cost	630,609	528,257
Benefits paid	(208,316)	(567,421)
Actuarial (gain) / loss on obligations	642,252	278,403
Liability at the end of the year	8,587,636	7,126,160
ii. <i>Reconciliation of opening and closing balance of fair value of plan assets</i>		
Fair value of plan assets at the beginning of the year	7,078,404	5,912,000
Expected return on plan assets	645,682	571,419
Contributions by the employer	400,000	1,162,406
Benefits paid	(208,316)	(567,421)
Actuarial gain / (loss) on plan assets	10,761	-
Fair value of plan assets at the end of the year	7,926,531	7,078,404
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. <i>Expenses recognised on defined benefit plan in the profit and loss account</i>	31 December, 2012	31 December, 2011
Current service cost	396,931	377,179
Interest expense	630,609	528,257
Expected return on investment	(645,682)	(571,419)
Net actuarial (gain) / loss	631,491	278,403
Expenses/ (income) recognised in the profit and loss account	1,013,349	612,420
iv. <i>Amount recognised on defined benefit plan in the Balance Sheet</i>		
Present value of the commitment	8,587,636	7,126,160
Fair value of plan assets	7,926,531	7,078,404
Net liability/(asset) recognised in the balance sheet	661,105	47,756
v. <i>Actual return on plan assets</i>		
Expected return on plan assets	645,682	571,419
Actual return on plan assets	645,682	571,419
vi. <i>Principal actuarial assumptions</i>		
Discount rate	8.10%	8.50%
Expected rate of return on plan assets	9.00%	9.00%
Salary increment rate	5.00%	5.00%
Mortality rates	LIC 1994-96 Ultimate table	LIC 1994-96 Ultimate table

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

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

Particulars	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Fair value of Plan Assets, End of Period	7,926,531	7,078,404	5,912,000	4,187,280
Projected Benefit Obligation, End of Period	8,587,636	7,126,160	6,509,742	5,536,162
(Surplus)/Deficit in the Plan	661,105	47,756	597,742	1,348,882
Experience Adjustments on Plan Assets	10,761	-	-	-
(Gains)/losses due to change in Assumptions	140,685	(149,643)	(146,441)	348,350
Experience (Gains)/Losses on PBO	501,567	428,046	351,373	235,522
Total (Gain)/Loss	642,252	278,403	204,932	583,872



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

	31 December, 2012	31 December, 2011
35. Transactions in foreign currency		
a) Earnings in foreign currency (on accrual basis)		
Value of exports on a Free On Board ('FOB') basis	26,261,177	17,991,849
Recovery of charges	1,302,911	1,490,266
	<u>27,564,088</u>	<u>19,482,115</u>
b) Expenditure in foreign currency (on accrual basis)		
Travelling expenses	724,271	878,302
Purchase of services	16,832,735	13,914,292
Royalty	13,763,047	8,882,750
Reimbursement of expenses	3,899,967	716,055
Commission	95,371	368,235
	<u>35,315,391</u>	<u>24,759,634</u>
c) Remittance of dividend in foreign currency		
Amount remitted in foreign currency	17,097,000	14,247,500
Dividend for the year ended	31-Dec-11	31-Dec-10
Number of non-resident share holders	1	1
Number of shares held	<u>2,849,500</u>	<u>2,849,500</u>
d) Value of imports on Cost, Insurance and Freight ('CIF') basis		
Raw material	130,246,382	123,210,728
Capital goods	8,481,616	6,262,910
	<u>138,727,998</u>	<u>129,473,638</u>
e) Foreign currency exposures		
The Company does not enter into any derivative contracts to hedge its risk associated with foreign currency fluctuations. The unhedged foreign currency exposure on the receivables and payables at the year end is given below:		
	31 December, 2012	31 December, 2011
i. Amounts denominated in Euros	Rs. Euros (€)	Rs. Euros (€)
Receivable towards export of goods and services	1,101,222 15,357	4,511,163 64,177
Receivable towards advances made for imports	- -	193,434 2,752
Payable towards advances received for exports	132,056 1,808	1,340,980 19,077
Payable towards import of goods and services	8,869,097 121,400	2,969,799 42,249
Payable towards Royalty	13,763,047 188,380	8,882,750 126,369
ii. Amounts denominated in US Dollars ('USD')	Rs. USD (\$)	Rs. USD (\$)
Payable towards import of goods and service	- -	5,700,020 105,000
	Rs. JPY	Rs. USD (\$)
Payable towards import of goods and services	10,886,715 17,100,000	- -



Notes to the Financial Statements

for the year ended 31 December, 2012

(Currency: Indian Rupee)

36. Consumption of imported and indigenous raw material and components

	Value (Rs.)	% of total consumption	Value (Rs.)	% of total consumption
Raw material				
Imported	51,482,204	18	78,614,888	43
Indigenous	229,778,795	82	102,277,437	57
	281,260,999	100	180,892,325	100
Stores and spares				
Imported	-	-	-	-
Indigenous	14,291,155	100	6,188,919	100
	14,291,155	100	6,188,919	100

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

	31 December, 2012	31 December, 2011
a) Contract revenue (net of excise)	92,076,222	107,476,445
b) Disclosure for contracts in progress:		
i) Aggregate amount of costs incurred	74,059,713	80,553,590
ii) Recognized profits (net of recognized losses)	18,016,509	26,922,855
iii) Retention money	-	-
c) Gross amount due from customers for contract work	13,472,782	40,727,418
d) Gross amount due to vendors for contract work	16,225,062	26,887,019

38. 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, 2012. 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, 2012. Management believes that the company's international transactions with associated enterprises post 31 March, 2012 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

39. Previous year's figures

The financial statements for the year ended 31 December, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act the financial statements for the year ended 31 December, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed in preparation of financial statements.

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

Bhavesh Dhupelia
Partner
Membership No.: 042070

Place : Mumbai
Date : February 21, 2013

For and on behalf of the Board of Directors

S. C. Jain
Managing Director

M. A. Sundaram
Director

Milita Rodrigues
Company Secretary

Place : Kundaim, Goa
Date : February 21, 2013



DE NORA INDIA LIMITED

ATTENDANCE SLIP

(To be presented at the entrance)

24th ANNUAL GENERAL MEETING on May 8, 2013 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 24th Annual

General Meeting of DE NORA INDIA LIMITED to be held on Wednesday, 8th May, 2013 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 _____, 2013 Signature : _____

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BANK ACCOUNT PARTICULARS/NECS MANDATE FORM

I/We _____ are holding _____ shares against Folio No. _____

(Physical mode) and _____ shares (Demat mode) against Client ID No. _____ DP ID No. _____ and do

hereby authorise DE NORA INDIA LIMITED

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

Particulars of Bank Account :

A. Bank Name : _____

B. Branch Name : _____

Address (for Mandate only) : _____

: _____

C. 9 Digit Code number of the bank & branch
name appearing on the MICR cheque : _____

D. Account Type (Saving/Current) : _____

E. Account No. as appearing on the cheque
book (Core Banking A/c No.) : _____

F. STD Code & Telephone No. : _____

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

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

Signature of the Shareholder

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

FORM 2B
NOMINATION FORM

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

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

Date: _____

Dear Sirs

Nomination

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

Name and address of Nominee

Name: _____

Address: _____

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

**The Nominee is a minor. I/We appoint _____ (Name and address of the guardian), to receive the shares and/or the amount payable in respect of share(s) in the event of my/our/minor's death during the minority of the nominee.

(* To be deleted if not applicable)

Name of the First Holder _____

Address _____

Date _____ Signature _____

Name of the Second Holder _____

Address _____

Date _____ Signature _____

Specimen signature of the Nominee _____

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

Signatures of Witnesses:

1. Name and Address _____

Date _____ Signature _____

2. Name and Address _____

Date _____ Signature _____

Instructions:

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



DE NORA INDIA LIMITED

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

To: _____ (Name and Address)
Shri/Smt./Kum. _____

Dear Sir/Madam,

NOMINATION FACILITY

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

Yours faithfully,

Date: _____

Authorised Signatory

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